



United States Department of the Interior
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
WASHINGTON, DC 20240-0001

In Reply Refer To:
Mail Stop VAE-BSEE-FOIA

November 29, 2018

Sent via Electronic Mail foia@americanoversight.org

Mr. Austin R. Evers
Executive Director,
American Oversight
1030 15th Street, N.W., Suite B255
Washington, D.C. 20005

Dear Mr. Evers:

The Bureau of Safety and Environmental Enforcement (BSEE) FOIA office received your Freedom of Information Act (FOIA) request dated August 29, 2018, and assigned it control number **BSEE-2018-00275**. Please cite this number in any future communications with our office regarding your request. You requested the following:

All communications (including emails, email attachments, text messages, messages on messaging platforms (such as Slack, GChat or Google Hangouts, Lync, Skype, WhatsApp, Signal, or Twitter Direct Messages), telephone call logs, calendar invitations/entries, meeting notices, meeting agendas, informational material, draft legislation, talking points, any handwritten or electronic notes taken during any oral communications, summaries of any oral communications, or other materials) between or among (1) Scott Angelle and/or Preston Beard and the listed entities below. You further provided a date limitation of May 1, 2017, to the present.

1. Copestone Inc.
2. Sunoco Logistics Partners
3. Energy Transfer
4. Greg Brazaitis
5. Edison Chouest Offshore
6. Gary Chouest
7. Ross Chouest
8. Damon Chouest
9. Casey Chouest
10. Dionne Austin
11. Daryl Owen Associates, Inc

12. C-Dive, LLC
13. Robert Champagne
14. Atmos Energy
15. Jack Lawton Inc.
16. Jack Lawton
17. Holly Lawton
18. Chevron Corp.
19. Cleco Corp.
20. Darren Olagues
21. Haynie & Associates
22. Randy Haynie
23. Love for Louisiana PAC
24. Bill Skelly
25. James Flores
26. Freeport-McMoran Inc.
27. Sable Permian Resources
28. Hilcorp Energy Company
29. Corley Consulting
30. Fieldwood Energy LLC
31. Make Louisiana Great Again
32. Greg Mosing
33. Frank's International
34. Shane Guidry
35. Harvey Gulf International Marine
36. Benjamin Bordelon
37. Bollinger Shipyards
38. William Parkerson Mills
39. Cleco Political Action Committee
40. Ezell Law Firm, LLC
41. Apollo Energy Operating Company
42. Macro Oil
43. Louisiana Mid-Continent Oil and Gas Association

We are writing today to respond to your request on behalf of the BSEE. We have enclosed one document containing of 129 pages. Of those pages, we have determined that approximately 116 pages are fully releasable and 13 pages are partially withheld under FOIA Exemption 5 [5 U.S.C. § 552\(b\)\(5\)](#) and Exemption 6 [5 U.S.C. § 552\(b\)\(6\)](#).

Regarding your request for records describing the processing of this request, an electronic search was conducted using the above 43 search terms between the dates of May 1, 2017 through September 4, 2018 with Scott Angelle or Preston Beard as the sender or recipient. I have attached the BSEE FOIA search trackers that were produced as a result of this search.

Exemption 5—43 C.F.R. §§ 2.23, .24

Exemption 5 allows an agency to withhold “inter-agency or intra-agency memorandums or letters which would not be available by law to a party... in litigation with the agency.” [5 U.S.C. § 552\(b\)\(5\)](#); *see Nat'l Labor Relations Bd. v. Sears Roebuck & Co.*, 421 U.S. 132, 149 (1975). Exemption 5 therefore incorporates the privileges that protect materials from discovery in litigation, including the deliberative process, attorney work-product, attorney-client, and commercial information privileges. We are withholding 12 pages in part under Exemption 5. The information being withheld consists of conference call pass codes and numbers.

The BSEE has determined that the numbers and pass codes constitute intra-agency documents because they are only shared with members of the Department or their consultants for the purpose of conducting official government business. In addition to qualifying as intra-agency documents, the BSEE has determined that the pass codes and phone numbers qualify as “confidential commercial information” protectable by Exemption 5. In *Government Land Bank v. General Services Administration*, 671 F.2d 663, 665 (1st Cir. 1982), the court held that when the government enters the marketplace as an ordinary commercial buyer or seller, the government’s information should be protected from competitive disadvantage under Exemption 5. Exemption 5 prevails “where the document contains ‘sensitive information not otherwise available,’ and disclosure would significantly harm the government’s commercial interest.” *Id.* at 666; *see also Federal Open Market Committee v. Merrill*, 443 U.S. 340, 363 (1979).

Here, the government entered the marketplace as an ordinary commercial buyer of private conference call numbers and pass codes. In line with *Land Bank* and *Merrill*, the information is “sensitive and not otherwise available” as the numbers provide access to sensitive conversations between government employees and only the government and seller have access to the information. If the conference call numbers and/or pass codes were released, the government’s financial interest would be significantly harmed. The conference calls would no longer be private since unknown, non-governmental parties would have the ability to listen in to the calls. The funds spent on purchasing the call-in numbers and pass codes would therefore be wasted, and the conference call numbers and pass codes would be of no use.

Because the release of the conference call numbers and pass codes would significantly harm the government’s financial interest by publicizing sensitive information, the BSEE is withholding the information in accordance with Exemption 5 of the FOIA.

Exemption 6—43 C.F.R. §§ 2.23, .24

Exemption 6 allows an agency to withhold “personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.” [5 U.S.C. § 552\(b\)\(6\)](#). We are withholding 1 page in part under Exemption 6.

The phrase “similar files” covers any agency records containing information about a particular individual that can be identified as applying to that individual. To determine whether releasing records containing information about a particular individual would constitute a clearly

unwarranted invasion of personal privacy, we are required to balance the privacy interest that would be affected by disclosure against any public interest in the information.

Under the FOIA, the only relevant public interest to consider under the exemption is the extent to which the information sought would shed light on an agency's performance of its statutory duties or otherwise let citizens 'know what their government is up to. The burden is on the requester to establish that disclosure would serve the public interest. When the privacy interest at stake and the public interest in disclosure have been determined, the two competing interests must be weighed against one another to determine which is the greater result of disclosure: the harm to personal privacy or the benefit to the public. The purposes for which the request for information is made do not impact this balancing test, as a release of information requested under the FOIA constitutes a release to the general public.

The information that has been withheld under Exemption 6 consists of personal information and we have determined that the individuals to whom this information pertains have a substantial privacy interest in withholding it. Additionally, we have determined that the disclosure of this information would shed little or no light on the performance of the agency's statutory duties. Because the harm to personal privacy is greater than whatever public interest may be served by disclosure, release of the information would constitute a clearly unwarranted invasion of the privacy of these individuals and we are withholding it under Exemption 6.

Mr. Gurney S. Small, Attorney-Advisor, Office of the Solicitor, Department of the Interior, Washington, D.C. was consulted.

Appeal Rights—43 C.F.R. §§ 2.57, .58, .59

You may appeal this response to the Department's FOIA/Privacy Act Appeals Officer. If you choose to appeal, the FOIA/Privacy Act Appeals Officer must receive your FOIA appeal soon as possible after this letter. Appeals arriving or delivered after 5 p.m. Eastern Time, Monday through Friday, will be deemed received on the next workday.

Your appeal must be made in writing. You may submit your appeal and accompanying materials to the FOIA/Privacy Act Appeals Officer by mail, courier service, fax, or email. All communications concerning your appeal should be clearly marked with the words: "FREEDOM OF INFORMATION APPEAL." You must include an explanation of why you believe the BSEE's response is in error. You must also include with your appeal copies of all correspondence between you and BSEE concerning your FOIA request, including your original FOIA request and BSEE's response. Failure to include with your appeal all correspondence between you and BSEE will result in the Department's rejection of your appeal, unless the FOIA/Privacy Act Appeals Officer determines (in the FOIA/Privacy Act Appeals Officer's sole discretion) that good cause exists to accept the defective appeal.

Please include your name and daytime telephone number (or the name and telephone number of an appropriate contact), email address and fax number (if available) in case the FOIA/Privacy Act Appeals Officer needs additional information or clarification of your appeal.

DOI FOIA/Privacy Act Appeals Office Contact Information

Department of the Interior
Office of the Solicitor
1849 C Street, N.W.
MS-6556 MIB
Washington, DC 20240
Attn: FOIA/Privacy Act Appeals Office
Telephone: (202) 208-5339
Fax: (202) 208-6677
Email: FOIA.Appeals@sol.doi.gov

Conclusion

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of FOIA. *See 5 U.S.C. 552(c)*. This response is limited to those records that are subject to the requirements of FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

The 2007 FOIA amendments created the Office of Government Information Services (OGIS) to offer mediation services to resolve disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to litigation. Using OGIS services does not affect your right to pursue litigation. You may contact OGIS in any of the following ways:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road - OGIS
College Park, MD 20740-6001
E-mail: ogis@nara.gov
Web: <https://ogis.archives.gov>
Telephone: 202-741-5770
Fax: 202-741-5769
Toll-free: 1-877-684-6448

Please note that using OGIS services does not affect the timing of filing an appeal with the Department's FOIA & Privacy Act Appeals Officer.

We do not bill requesters for FOIA processing fees when their fees are less than \$50.00, because the cost of collection would be greater than the fee collected. *See 43 C.F.R. § 2.49(a)(1)*. Therefore, there is no billable fee for the processing of this request.

This concludes BSEE's response to your request. If you have any questions about our response to your request, you may contact me by phone at (703) 787-1204, by fax at (703) 787-1207, by email at bseefoia@bsee.gov, or by mail at Bureau of Safety and Environmental Enforcement, FOIA Office, Mail Stop: VAE-BSEE FOIA, 45600 Woodland Road, Sterling, Virginia 20166.

Sincerely,

/s/ Ashley Rychak
Ashley Rychak
Government Information Specialist (FOIA)
BSEE FOIA Office

Enclosure:

As stated

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Sat Aug 11 2018 04:57:21 GMT-0600 (MDT)
To: Jeff Shellebarger <JeffShellebarger@chevron.com>, KM Mchugh <KMcHugh@chevron.com>, Marcel Robichaux <MRobichaux@chevron.com>, John Peters <JAPE@chevron.com>, Mark Hatfield <MarkHatfield@chevron.com>, Sandi Fury <SFury@chevron.com>
CC: troy.troclair@bsee.gov, bryan.domangue@bsee.gov, Lars Herbst <lars.herbst@bsee.gov>, Eileen Angelico <eileen.angelico@bsee.gov>
Subject: Well safe assurance presentation

On behalf of Lars, Bryan, Troy and eileen, just a note of thanks for making so much time available to walk through the above referenced. It was a great exchange and we are better for having had the opportunity. Thank you again. Sent from my iPhone

"Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>

From: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
Sent: Sat Aug 11 2018 06:24:38 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: "McHugh, Kimberly S." <KMcHugh@chevron.com>, "Peters, John (JAPE)" <jape@chevron.com>, "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
Subject: [EXTERNAL] Well safe assurance presentation

Scott thanks for this note.....it means a lot. Appreciate your leadership in support of our industry.....I promise to keep doing my part by continuing to influence my counterparts in both the operator and contractor ranks by raising the bar in well control assurance. Have a great weekend. Marcel > On Aug 11, 2018, at 5:57 AM, Scott Angelle <scott.angelle@bsee.gov> wrote: > > On behalf of Lars, Bryan, Troy and eileen, just a note of thanks for > making so much time available to walk through the above referenced. > It was a great exchange and we are better for having had the > opportunity. Thank you again. > > Sent from my iPhone

Conversation Contents

Re: [EXTERNAL] Sizes requested

"Beard, Preston" <preston.beard@bsee.gov>

From: "Beard, Preston" <preston.beard@bsee.gov>
Sent: Thu Aug 02 2018 16:56:38 GMT-0600 (MDT)
To: Guy Hayes <guy.hayes@bsee.gov>, Monica Mcbrady <monica.mcbrady@bsee.gov>, Scott Angelle <scott.angelle@bsee.gov>
Subject: Re: [EXTERNAL] Sizes requested

Not off hand. I am looping in Monica to help.

On Thu, Aug 2, 2018 at 12:05 PM, Guy Hayes <guy.hayes@bsee.gov> wrote:

Thanks Preston. Do you know the Director's size?

Thanks - Guy

On Thu, Aug 2, 2018 at 6:13 AM Beard, Preston <preston.beard@bsee.gov> wrote:

I am a (b) (6) pant, (b) (6) coat. Not sure if that helps

On Wed, Aug 1, 2018 at 3:18 PM, Guy Hayes <guy.hayes@bsee.gov> wrote:

Gentlemen,

Hilcorp is going to provide PPE for our visit to Northstar. Can you please let me know if you need coveralls, if so what is your size?

Thanks- Guy

----- Forwarded message -----

From: Lori Nelson <lnelson@hilcorp.com>

Date: Mon, Jul 30, 2018 at 3:48 PM

Subject: [EXTERNAL] Sizes requested

To: Guy Hayes <guy.hayes@bsee.gov>

Hi Guy – The field asked me to convey the following:

1. Dress warm. Steel toed boots not required, but sturdy shoes strongly suggested.
2. Hilcorp will provide hard hats and safety glasses.
3. Hilcorp will provide fire resistant coveralls, we need sizes.

The coveralls are sized like suit coats – either that number or simply a medium, large, xl.... Will work.

LN

Lori Nelson | Manager, External Affairs | Hilcorp Alaska, LLC

O: 907.777.8392 | F: 907.777.8590 | lnelson@hilcorp.com

3800 Centerpoint Dr., Suite 1400 | [Anchorage](#) | Alaska | 99503

This email may contain confidential and / or privileged information and is intended for the recipient(s) only. In the event you receive this message in error, please notify me and delete the message.

--

Guy L. Hayes

Public Affairs Officer

Alaska Region

Bureau of Safety and Environmental Enforcement

O: 907-334-5333

M: 907-301-2473

guy.hayes@bsee.gov

<http://www.bsee.gov/> | <https://www.linkedin.com/company/bureau-of-safety-and-environmental-enforcement>

| <https://twitter.com/BSEEgov>

--

Preston Beard

Advisor, Office of the Director

Bureau of Safety and Environmental Enforcement

(202) 208-3976 (o)

(571) 585-7001 (c)

preston.beard@bsee.gov

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Guy L. Hayes

Public Affairs Officer

Alaska Region

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| <https://twitter.com/BSEEgov>

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(202) 208-3976 (o)

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preston.beard@bsee.gov

Conversation Contents

[EXTERNAL] Accepted: Invitation: Meeting with Jeff Shellebarger, Chevron @ Tue Jul 17, 2018 3:30pm - 4:30pm (EDT) (gwashington@chevron.com)

Attachments:

/3. [EXTERNAL] Accepted: Invitation: Meeting with Jeff Shellebarger, Chevron @ Tue Jul 17, 2018 3:30pm - 4:30pm (EDT) (gwashington@chevron.com)/1.1 invite.ics

DOI-BSEE-18-0492-A-000003

"Washington, Gregory J (GWashington)" <GWashington@chevron.com>

From: "Washington, Gregory J (GWashington)" <GWashington@chevron.com>
Sent: Tue Jul 10 2018 11:29:11 GMT-0600 (MDT)
To: "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>
Subject: [EXTERNAL] Accepted: Invitation: Meeting with Jeff Shellebarger, Chevron @ Tue Jul 17, 2018 3:30pm - 4:30pm (EDT) (gwashington@chevron.com)
Attachments: invite.ics

Conversation Contents

[EXTERNAL] Oil Industry Capital Spend

Attachments:

/4. [EXTERNAL] Oil Industry Capital Spend/1.1 16_5_global_capex_data_by_region.pdf
/4. [EXTERNAL] Oil Industry Capital Spend/1.2 Upstream Capex_Angelle_Data.pdf

"Fury, Sandi" <SFury@chevron.com>

From: "Fury, Sandi" <SFury@chevron.com>
Sent: Tue May 08 2018 14:05:32 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: [EXTERNAL] Oil Industry Capital Spend
Attachments: 16_5_global_capex_data_by_region.pdf Upstream
Capex_Angelle_Data.pdf

Director Angelle,

Per our conversation, Chevron provides the following information:

Global Market for Oil and Gas Investment

Oil and gas will be a significant part of the global energy mix for many years to come. The first attachment provides information which illustrates the healthy competition around the world for investments in oil and gas production. Chevron alone has invested approximately \$50 billion domestically in capital and exploratory expenditures over the last five years, and we expect to invest an additional \$30 billion over the next four years. We encourage expansion of domestic and global energy production and appreciate your efforts to reduce unnecessary regulatory burdens while preserving critical protections for health, safety and the environment.

Critical Criteria for Oil and Gas Investment

The second attachment provides a glimpse into the factors that influence decision making on our industry's capital investments. Among those factors are access to resource, the geology itself, cost to produce the resource, strategic fit within a broader portfolio and commercial terms with project partners and the government.

I hope this is helpful to you. If Chevron can be of further help, please advise.

Regards,

Sandi

Sandi Fury
Regulatory Affairs Mgr
Gulf of Mexico Business Units
Chevron North America Exploration and Production Company
(a Chevron U.S.A. Inc. Division)
100 Northpark Blvd.
Covington, LA 70433
Tel 985-773-6095
Cell: 504-432-6794
sfury@chevron.com



Q2 2016 regional upstream capex by year, nominal 2016 terms

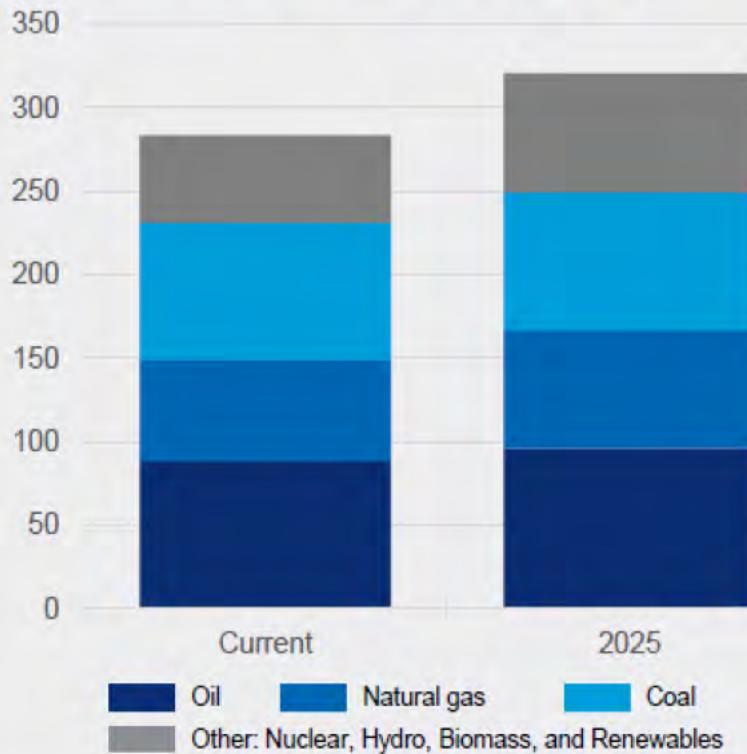
Region	2014	2015	2016	2017	2018	2019	2020
Africa (Central)	23,727	18,975	13,437	12,227	11,776	12,434	9,850
Africa (North)	11,363	11,372	10,735	11,738	14,362	15,223	11,367
Africa (Southern & East)	903	1,247	1,031	2,946	6,583	9,737	12,948
Africa (West)	23,624	16,962	14,765	13,099	13,716	9,861	10,790
Australasia	50,111	37,846	21,808	15,996	9,211	11,626	18,324
Caucasus	6,494	6,453	5,105	4,072	3,259	3,182	3,091
Central Asia	15,071	12,848	11,306	13,282	13,431	13,985	11,093
Eastern Asia	42,195	33,877	34,872	35,318	32,251	29,575	26,705
Europe (Central & Eastern)	2,426	1,445	1,307	1,862	2,397	2,588	2,385
Europe (North West)	28,608	20,938	16,733	16,370	14,280	19,301	18,171
Europe (Southern)	1,678	1,073	1,082	872	588	498	525
Europe (UK)	19,832	15,606	10,313	8,745	6,530	4,789	3,757
Indian Sub-continent	5,553	4,492	4,336	4,152	6,259	6,311	3,474
Latin America (Andean)	14,941	11,587	9,613	8,896	8,215	8,377	7,804
Latin America (Atlantic)	28,510	28,000	24,419	26,199	25,276	23,040	22,497
Latin America (Central)	15,869	13,532	11,970	12,377	13,044	11,401	10,017
Middle East - NW Arabia	35,694	30,281	28,841	34,435	41,887	41,336	38,105
Middle East - SE Arabia & Iran	27,202	24,304	23,075	22,391	19,908	17,685	16,399
N America (Frontier)	35,277	22,772	16,814	15,120	13,281	13,793	13,127
N America (US GoM Deepwater)	14,036	14,115	11,721	10,092	12,256	15,348	14,596
N America (US GoM Shelf)	1,405	848	802	846	874	817	752
N America (USL48)	116,910	73,397	46,221	60,178	75,991	88,031	94,491
N America (Western Canada)	54,064	36,790	34,469	43,317	44,950	47,925	48,133
Russia	49,739	37,625	32,186	32,160	31,480	31,398	32,472
South East Asia	26,742	19,177	13,758	15,303	13,136	10,971	9,294
Grand Total	651,970	495,560	400,719	421,993	434,941	449,235	440,165

Source: Wood Mackenzie

Oil and gas remain key energy sources

Global energy demand

Million barrels of oil equivalent per day



>50% of
global energy
Oil & gas
consumption to 2035

0.7%
growth rate
Oil demand
2015-2035

Growth rate
of ~2.0%

Natural gas demand 2015-
2035

Asia-Pacific
drives

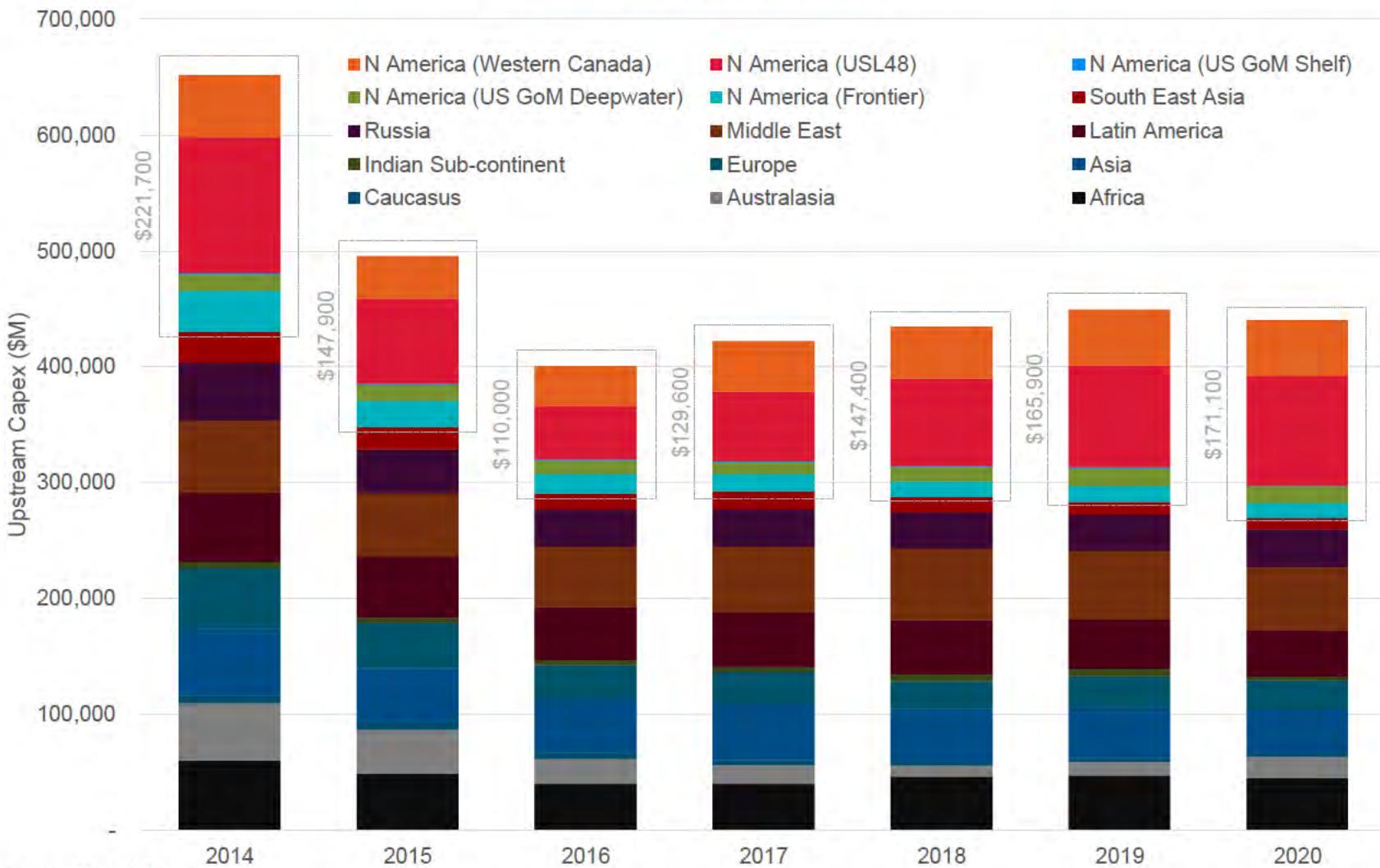
60% of the growth in oil
demand and 45% of the
growth in gas demand



Source: IEA World Energy Outlook 2016, New Policies Scenario

DOI-BSEE-18-0492-A-000007

There is global competition for investments in oil and gas production



Source: Wood Mackenzie

Factors that influence decision making for upstream oil and gas capital investments

Capital will be invested in the resource with the lowest per barrel development cost.

Geology

- Is there good oil & gas potential?
- Is the resource potential material?
- Are there multiple “plays”?

Strategic Fit

- Does the opportunity compare favorably to others in the portfolio?
- What commitment is needed to capture the resource?
- What is the timing?

Commercial

- What are fiscal terms with government partners?
- How will the resource be developed? And at what cost?
- What is the return on investment?

Political

- What political risks exist in country?
- Will risks impact gov’t decision-making & approvals?
- How can these be mitigated?

Key messages on oil and gas investment

- Oil and gas will be a significant part of the global energy mix for many years to come
- There is healthy competition around the world for investments in oil and gas, the most attractive fields will entice new capital
- Several factors influence decision making on industry's capital investments
 - Access to resource
 - The geology itself
 - Cost to produce the resource
 - Strategic fit
 - Commercial terms with project partners and the government



Conversation Contents

[EXTERNAL] RPC Planning/Competitiveness/Analysis Offshore Group

Attachments:

15. [EXTERNAL] RPC Planning/Competitiveness/Analysis Offshore Group/1.1 invite.ics

<Kevin.C.Simpson@shell.com>

From: <Kevin.C.Simpson@shell.com>
Sent: Tue Apr 10 2018 14:54:07 GMT-0600 (MDT)
To: <renee.orr@boem.gov>, <scott.angelle@bsee.gov>, <james.schindler@boem.gov>, <rpc@ios.doi.gov>, <rluthi@noia.org>, <Stella.Alvarado@anadarko.com>, <P.H.Noah@conocophillips.com>, <Hague@api.org>, <amodiano@usoga.org>, <gmorby@chevron.com>, <pblair@atr.org>, <David.kreutzer@heritage.org>
Subject: [EXTERNAL] RPC Planning/Competitiveness/Analysis Offshore Group
Attachments: invite.ics

RPC Offshore Work Group members,

We need to follow up on some of the issues tabled in our previous discussions and some newer items raised since then.

It seems I will be traveling for much of the next two weeks but I've got a couple hours tomorrow afternoon with availability. Please let me know if moving this a little earlier or later will better enable us to have the call. Following the call, I'll send a summary to the group to capture items discussed for the work group whether attended or not.

This will also serve as a forum to introduce and hear from our newer members from the think tank/taxpayer interest side.

Thanks and look forward to connecting.

█ (b) (5) █

Trouble Joining? [Try Skype Web App](#)

Join by phone

(b) (5) █ English (United Kingdom)

[Find a local number](#)

Conference ID: (b) (5) (same as access code above)

[Forgot your dial-in PIN?](#) | [Help](#) | [Legal](#)

<Kevin.C.Simpson@shell.com>

From: <Kevin.C.Simpson@shell.com>
Sent: Fri Apr 13 2018 14:30:47 GMT-0600 (MDT)
To: <renee.orr@boem.gov>, <scott.angelle@bsee.gov>, <james.schindler@boem.gov>, <rpc@ios.doi.gov>, <rluthi@noia.org>, <Stella.Alvarado@anadarko.com>, <P.H.Noah@conocophillips.com>, <Hague@api.org>, <amodiano@usoga.org>, <gmorby@chevron.com>, <pblair@atr.org>, <David.kreutzer@heritage.org>
Subject: [EXTERNAL] RE: RPC Planning/Competitiveness/Analysis Offshore Group

Offshore Work Group:

Based off of yesterday's call, I'm going to try and capture (1) list of attendees (2) some rough draft language for recommendations for the Planning/Analysis/Competitiveness subcomm to consider.

Please let me know if there are any issues with accuracy:

Attendees:

1. Jennifer Galludet
2. Stella Alvarado
3. Renee Orr
4. Emily Hague
5. Paul Blair
6. Greg Morby
7. Patrick Noah
8. David Kreutzer

Potential draft recommendations and actions:

1. **Lease Block Sizes:** Offshore work group recognizes that statutory language of OCSLA limits OCS lease block sizes to 3 miles x 3 miles. This is the smallest lease block size among competing international offshore regimes. Therefore, recommend DOI work with Congress to amend OCSLA to grant Interior Secretary broad flexibility to offer larger lease block sizes, particularly for frontier areas, with authority to revert to offering smaller lease block sizes as planning areas mature.
2. **Regulatory Reform:** Insofar as concerns competitiveness of the US OCS regime and potential for greater production and corresponding revenues, the offshore work group recognizes some opportunity for more stable, predictable, and streamlined regulation. P. Blair will compile several proposed regulatory reforms through ATR's resources to help inform potential draft recommendations on same.
3. **Royalty relief for late life or challenging assets:** Offshore committee recommends appropriate DOI/agency personnel consider, in their review of potential avenues for improved achievability of existing statutory royalty relief options, such factors as enhance oil recovery (EOR); high pressure/high temperature wells (HPHT); and reservoir depths. (NOTE: 20,000 feet TVDSS is a common marker for exceptionally challenging reservoir depth.)
4. **Transportation deduction:** Not discussed in depth and need to revisit.

-----Original Appointment-----

From: Simpson, Kevin C SEPCO-GRA

Sent: Tuesday, April 10, 2018 3:54 PM

To: Simpson, Kevin C SEPCO-GRA; renee.orr@boem.gov; scott.angelle@bsee.gov; Schindler, James; RPC, DOI <rpc@ios.doi.gov>; Randall Luthi; Alvarado, Stella; Noah, P H; Emily Hague; Albert Modiano; Gregory Morby; pblair@atr.org; David.kreutzer@heritage.org

Subject: RPC Planning/Competitiveness/Analysis Offshore Group

When: Wednesday, April 11, 2018 2:30 PM-3:30 PM (UTC-06:00) Central Time (US & Canada).

Where: Skype Meeting

RPC Offshore Work Group members,

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From: <Kevin.C.Simpson@shell.com>
Sent: Fri Apr 13 2018 14:32:51 GMT-0600 (MDT)
To: <renee.orr@boem.gov>, <scott.angelle@bsee.gov>, <james.schindler@boem.gov>, <rluthi@noia.org>, <Stella.Alvarado@anadarko.com>, <P.H.Noah@conocophillips.com>, <Hague@api.org>, <amodiano@usoga.org>, <gmorby@chevron.com>, <pblair@atr.org>, <David.kreutzer@heritage.org>
Subject: [EXTERNAL] RE: RPC Planning/Competitiveness/Analysis Offshore Group

All, a quick correction, the call was Wednesday 4/11 and not “yesterday” as I wrote in error below. I’d begun drafting this note yesterday so apologies for the oversight.

From: Simpson, Kevin C SEPCO-GRA
Sent: Friday, April 13, 2018 3:31 PM
To: renee.orr@boem.gov; scott.angelle@bsee.gov; 'Schindler, James' <james.schindler@boem.gov>; 'RPC, DOI' <rpc@ios.doi.gov>; 'Randall Luthi' <rluthi@noia.org>; Alvarado, Stella <Stella.Alvarado@anadarko.com>; 'Noah, P H' <P.H.Noah@conocophillips.com>; 'Emily Hague' <Hague@api.org>; Albert Modiano <amodiano@usoga.org>; Gregory Morby <gmorby@chevron.com>; 'pblair@atr.org' <pblair@atr.org>; 'David.kreutzer@heritage.org' <David.kreutzer@heritage.org>
Subject: RE: RPC Planning/Competitiveness/Analysis Offshore Group

Offshore Work Group:

Based off of **yesterday's** call, I'm going to try and capture (1) list of attendees (2) some rough draft language for recommendations for the Planning/Analysis/Competitiveness subcomm to consider.

Please let me know if there are any issues with accuracy:

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3. Renee Orr
4. Emily Hague
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6. Greg Morby
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DOI-BSEE-18-0492-A-000014

with authority to revert to offering smaller lease block sizes as planning areas mature.

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From: Simpson, Kevin C SEPCO-GRA

Sent: Tuesday, April 10, 2018 3:54 PM

To: Simpson, Kevin C SEPCO-GRA; renee.orr@boem.gov; scott.angelle@bsee.gov; Schindler, James; RPC, DOI <rpc@ios.doi.gov>; Randall Luthi; Alvarado, Stella; Noah, P H; Emily Hague; Albert Modiano; Gregory Morby; pblair@atr.org; David.kreutzer@heritage.org

Subject: RPC Planning/Competitiveness/Analysis Offshore Group

When: Wednesday, April 11, 2018 2:30 PM-3:30 PM (UTC-06:00) Central Time (US & Canada).

Where: Skype Meeting

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"Orr, Renee" <renee.orr@boem.gov>

From: "Orr, Renee" <renee.orr@boem.gov>
Sent: Mon Apr 16 2018 08:09:17 GMT-0600 (MDT)
To: Kevin Simpson <Kevin.C.Simpson@shell.com>
CC: Scott Angelle <scott.angelle@bsee.gov>, "Schindler, James" <james.schindler@boem.gov>, "RPC, DOI" <rpc@ios.doi.gov>, "rluthi@noia.org" <rluthi@noia.org>, Stella Alvarado <Stella.Alvarado@anadarko.com>, P.H.Noah@conocophillips.com, Emily Hague <Hague@api.org>, Albert Modiano <amodiano@usoga.org>, gmorby@chevron.com, pblair@atr.org, David.kreutzer@heritage.org, Jennifer Golladay <jennifer.golladay@boem.gov>
Subject: Re: [EXTERNAL] RE: RPC Planning/Competitiveness/Analysis Offshore Group

Hi Kevin,

Correcting Jenn's name -- Jennifer Golladay -- and adding her to the cc list.

Thanks,
Renee

On Fri, Apr 13, 2018 at 4:30 PM, <Kevin.C.Simpson@shell.com> wrote:

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(NOTE: 20,000 feet TVDSS is a common marker for exceptionally challenging reservoir depth.)

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Renee Orr
Chief, Office of Strategic Resources
Bureau of Ocean Energy Management
1849 C Street, NW, DM5227
Washington, DC 20240
(t) 202-208-3515; (c) 571-345-4248

<Kevin.C.Simpson@shell.com>

From: <Kevin.C.Simpson@shell.com>
Sent: Tue May 01 2018 14:35:45 GMT-0600 (MDT)
To: <renee.orr@boem.gov>, <scott.angelle@bsee.gov>, <james.schindler@boem.gov>, <rpc@ios.doi.gov>, <rluthi@noia.org>, <Stella.Alvarado@anadarko.com>, <P.H.Noah@conocophillips.com>, <Hague@api.org>, <amodiano@usoga.org>, <gmorby@chevron.com>, <pblair@atr.org>, <David.kreutzer@heritage.org>
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Sent: Tuesday, April 10, 2018 3:54 PM
To: Simpson, Kevin C SEPCO-GRA; renee.orr@boem.gov; scott.angelle@bsee.gov; Schindler, James; RPC, DOI <rpc@ios.doi.gov>; Randall Luthi; Alvarado, Stella; Noah, P H; Emily Hague; Albert Modiano; Gregory Morby; pblair@atr.org; David.kreutzer@heritage.org
Subject: RPC Planning/Competitiveness/Analysis Offshore Group
When: Wednesday, April 11, 2018 2:30 PM-3:30 PM (UTC-06:00) Central Time (US & Canada).
Where: Skype Meeting

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"Alvarado, Stella" <Stella.Alvarado@anadarko.com>

Sent: Tue May 01 2018 16:12:39 GMT-0600 (MDT)
To: "Kevin.C.Simpson@shell.com" <Kevin.C.Simpson@shell.com>, "renee.orr@boem.gov" <renee.orr@boem.gov>, "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>, "james.schindler@boem.gov" <james.schindler@boem.gov>, "rpc@ios.doi.gov" <rpc@ios.doi.gov>, "rluthi@noia.org" <rluthi@noia.org>, "P.H.Noah@conocophillips.com" <P.H.Noah@conocophillips.com>, "Hague@api.org" <Hague@api.org>, "amodiano@usoga.org" <amodiano@usoga.org>, "gmorby@chevron.com" <gmorby@chevron.com>, "pblair@atr.org" <pblair@atr.org>, "David.kreutzer@heritage.org" <David.kreutzer@heritage.org>
Subject: [EXTERNAL] RE: RPC Planning/Competitiveness/Analysis Offshore Group

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Regards,

Stella Alvarado

From: Kevin.C.Simpson@shell.com <Kevin.C.Simpson@shell.com>
Sent: Tuesday, May 01, 2018 3:36 PM
To: renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; Alvarado, Stella <Stella.Alvarado@anadarko.com>; P.H.Noah@conocophillips.com; Hague@api.org; amodiano@usoga.org; gmorby@chevron.com; pblair@atr.org; David kreutzer@heritage.org
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<Kevin.C.Simpson@shell.com>

From: <Kevin.C.Simpson@shell.com>
Sent: Tue May 01 2018 17:19:07 GMT-0600 (MDT)
To: <Stella.Alvarado@anadarko.com>, <renee.orr@boem.gov>, <scott.angelle@bsee.gov>, <james.schindler@boem.gov>, <rpc@ios.doi.gov>, <rluthi@noia.org>, <P.H.Noah@conocophillips.com>, <Hague@api.org>, <amodiano@usoga.org>, <gmorby@chevron.com>, <pblair@atr.org>, <David.kreutzer@heritage.org>
Subject: [EXTERNAL] RE: RPC Planning/Competitiveness/Analysis Offshore Group

All,

Based on this e-mail I've asked Chris M to not include the lease block size recommendation for PAC discussion.

The offshore work group had aligned on this in our conference calls, but Stella's e-mail evidences that the item is simply not a consensus one, at least at this time.

Kevin

From: Alvarado, Stella [mailto:Stella.Alvarado@anadarko.com]
Sent: Tuesday, May 1, 2018 5:13 PM
To: Simpson, Kevin C SEPCO-GRA <Kevin.C.Simpson@shell.com>; renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; P.H.Noah@conocophillips.com; Hague@api.org; amodiano@usoga.org; gmorby@chevron.com; pblair@atr.org; David.kreutzer@heritage.org
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"Noah, P H" <P.H.Noah@conocophillips.com>

From: "Noah, P H" <P.H.Noah@conocophillips.com>
Sent: Wed May 02 2018 09:47:16 GMT-0600 (MDT)
"Kevin.C.Simpson@shell.com" <Kevin.C.Simpson@shell.com>,
"Stella.Alvarado@anadarko.com" <Stella.Alvarado@anadarko.com>,
"reneee.orr@boem.gov" <reneee.orr@boem.gov>,
"scott.angelle@bsee.gov" <scott.angelle@bsee.gov>,
"james.schindler@boem.gov" <james.schindler@boem.gov>,

DOI-BSEE-18-0492-A-000024

To: "rpc@ios.doi.gov" <rpc@ios.doi.gov>, "rluthi@noia.org" <rluthi@noia.org>, "Hague@api.org" <Hague@api.org>, "amodiano@usoga.org" <amodiano@usoga.org>, "gmorby@chevron.com" <gmorby@chevron.com>, "pblair@atr.org" <pblair@atr.org>, "David.kreutzer@heritage.org" <David.kreutzer@heritage.org>

Subject: RE: [EXTERNAL]RE: RPC Planning/Competitiveness/Analysis Offshore Group

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Sent: Tuesday, May 01, 2018 6:19 PM
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DOI-BSEE-18-0492-A-000025

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-----Original Appointment-----

From: Simpson, Kevin C SEPCO-GRA

Sent: Tuesday, April 10, 2018 3:54 PM

DOI-BSEE-18-0492-A-000026

To: Simpson, Kevin C SEPCO-GRA; renee.orr@boem.gov; scott.angelle@bsee.gov; Schindler, James; RPC, DOI <rpc@ios.doi.gov>; Randall Luthi; Alvarado, Stella; Noah, P H; Emily Hague; Albert Modiano; Gregory Morby; pblair@atr.org; David.kreutzer@heritage.org
Subject: RPC Planning/Competitiveness/Analysis Offshore Group
When: Wednesday, April 11, 2018 2:30 PM-3:30 PM (UTC-06:00) Central Time (US & Canada).
Where: Skype Meeting

RPC Offshore Work Group members,

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"Morby, Greg C" <GMorby@chevron.com>

From: "Morby, Greg C" <GMorby@chevron.com>
Sent: Wed May 02 2018 10:15:27 GMT-0600 (MDT)
To: "Noah, P H" <P.H.Noah@conocophillips.com>, "Kevin.C.Simpson@shell.com" <Kevin.C.Simpson@shell.com>, "Stella.Alvarado@anadarko.com" <Stella.Alvarado@anadarko.com>, "renee.orr@boem.gov" <renee.orr@boem.gov>, "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>, "james.schindler@boem.gov" <james.schindler@boem.gov>, "rpc@ios.doi.gov" <rpc@ios.doi.gov>, "rluthi@noia.org" <rluthi@noia.org>, "Hague@api.org" <Hague@api.org>, "amodiano@usoga.org" <amodiano@usoga.org>, "pblair@atr.org" <pblair@atr.org>, "David.kreutzer@heritage.org" <David.kreutzer@heritage.org>
Subject: RE: [EXTERNAL]RE: RPC Planning/Competitiveness/Analysis Offshore Group

THANKS KEVIN,

I am relatively new to PAC sub cmte & workgroup issues. No objections to your draft and change on rec #1.

I do not want to duplicate reading but would it help if some background, as I understand it, on item 4- Transportation deduction for future discussion?

Greg

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Sent: Wednesday, May 02, 2018 10:47 AM
To: Kevin.C.Simpson@shell.com; Stella.Alvarado@anadarko.com; renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; Hague@api.org; amodiano@usoga.org; Morby, Greg C <GMorby@chevron.com>; pblair@atr.org; David kreutzer@heritage.org
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DOI-BSEE-18-0492-A-000029

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-----Original Appointment-----

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To: Simpson, Kevin C SEPCO-GRA; renee.orr@boem.gov; scott.angelle@bsee.gov; Schindler, James; RPC, DOI <rpc@ios.doi.gov>; Randall Luthi; Alvarado, Stella; Noah, P H; Emily Hague; Albert Modiano; Gregory Morby; pblair@atr.org; David.kreutzer@heritage.org

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CC: [EXTERNAL] Re: RPC Planning/Competitiveness/Analysis Offshore

Group

Kevin:

I have a few questions about a decision to not advance the issue of bloc size.

I just don't understand the argument. Where is the quantitative evidence or model that proves the supposition that larger size block means less competition? If larger blocs are imputed to give an advantage to larger companies, then the reverse is also true — the current size blocks considered competitive to "independents" fails to affirm the corollary by virtue that all independents are also not the same size and that the current block size is, for some, also a barrier to entry. Under this logic, shouldn't we be considering smaller bloc sizes so that such smaller companies, or those that want to move from solely operating onshore to offshore, don't face the current barrier to entry hurdle?

Under the logic that larger block size means less competition, shouldn't that then mean that smaller block sizes (than current) would encourage more competition?

On the other hand, some could argue that increasing block size is more efficient by capturing the advantages of handing larger economic transactions and working to scale economies.

Perhaps we should recommend both, larger blocks in some areas and smaller in others?

Alby

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CC: Matthew Adams <Matthew.Adams@cldpk.com>

Subject: RE: [EXTERNAL]RE: RPC Planning/Competitiveness/Analysis Offshore Group

Greg – I think the transportation deduct rec has been tabled for purposes of the June RPC meeting, mainly because we have not discussed it in detail as a group. I don't believe we will vote on it this Friday.

I am the guy that pitched this to the Offshore WG. In essence, it is the same issue (transportation deduct to production platform) that API raised as part of its September, 2017 comment letter. It is also similar to the issue that was brought forward as part of the Alaska WG - in January, we decided at a SC level to refer it to either the Valuation SC or Offshore WG for further consideration. Since I have not connected with Matthew Adams as to how it could be raised within Valuation SC, I suggested to Kevin that we just hold off on this until we stack hands on where it fits within RPC SC/WG structure and then have a full discussion wherever it lands.

Feel free to call me if you want to discuss.

Pat

From: Morby, Greg C [mailto:GMorby@chevron.com]
Sent: Wednesday, May 02, 2018 11:15 AM
To: Noah, P H <P.H.Noah@conocophillips.com>; Kevin.C.Simpson@shell.com; Stella.Alvarado@anadarko.com; renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; Hague@api.org; amodiano@usoga.org; pblair@atr.org; David.kreutzer@heritage.org
Subject: RE: [EXTERNAL]RE: RPC Planning/Competitiveness/Analysis Offshore Group

Thanks Kevin,

I am relatively new to PAC sub cmte & workgroup issues. No objections to your draft and change on rec #1.

I do not want to duplicate reading but would it help if some background, as I understand it, on item 4- Transportation deduction for future discussion?

Greg

From: Noah, P H [mailto:P.H.Noah@conocophillips.com]
Sent: Wednesday, May 02, 2018 10:47 AM
To: Kevin.C.Simpson@shell.com; Stella.Alvarado@anadarko.com; renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; Hague@api.org; amodiano@usoga.org; Morby, Greg C <GMorby@chevron.com>; pblair@atr.org; David.kreutzer@heritage.org
Subject: [**EXTERNAL**] RE: [EXTERNAL]RE: RPC Planning/Competitiveness/Analysis Offshore Group

Kevin – thanks. I supported this on the prior call but am fine with the decision to hold off on this pending further consideration/discussion.

Randall – not sure I am clear on the rules of engagement here. Do we have a defined process for managing working group recommendations? Are we supposed to get unanimous approval to send proposals upward or is this a majority vote kind of thing?

From: Kevin.C.Simpson@shell.com [mailto:Kevin.C.Simpson@shell.com]
Sent: Tuesday, May 01, 2018 6:19 PM
To: Stella.Alvarado@anadarko.com; renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; Noah, P H <P.H.Noah@conocophillips.com>; Hague@api.org;

amodiano@usoga.org; gmorby@chevron.com; pblair@atr.org; David.kreutzer@heritage.org
Subject: [EXTERNAL]RE: RPC Planning/Competitiveness/Analysis Offshore Group

All,

Based on this e-mail I've asked Chris M to not include the lease block size recommendation for PAC discussion.

The offshore work group had aligned on this in our conference calls, but Stella's e-mail evidences that the item is simply not a consensus one, at least at this time.

Kevin

From: Alvarado, Stella [<mailto:Stella.Alvarado@anadarko.com>]
Sent: Tuesday, May 1, 2018 5:13 PM
To: Simpson, Kevin C SEPCO-GRA <Kevin.C.Simpson@shell.com>; renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; P.H.Noah@conocophillips.com; Hague@api.org; amodiano@usoga.org; gmorby@chevron.com; pblair@atr.org; David.kreutzer@heritage.org
Subject: RE: RPC Planning/Competitiveness/Analysis Offshore Group

All -

I have had further discussion regarding lease block size and at this time will not be able to support a recommendation on #1 Lease Block Size.

Increasing the block size would **reduce competitiveness** in the GOM and favor the majors in the leasing activity.

The issue is that the super majors can potentially control, monopolize the larger prospects under a single bid and eliminate competition from others, especially independents. Other countries' block sizes are irrelevant since international bid processes are vastly different than GOM. GOM has set procedures for minimum bids and royalty amounts whereas International have work programs with a dollar commitment, increased royalty amounts, etc. and identifies planned seismic activities and other activities to determine if wells are to be drilled.

Regards,

Stella Alvarado

From: Kevin.C.Simpson@shell.com <Kevin.C.Simpson@shell.com>
Sent: Tuesday, May 01, 2018 3:36 PM
To: renee.orr@boem.gov; scott.angelle@bsee.gov; james.schindler@boem.gov; rpc@ios.doi.gov; rluthi@noia.org; Alvarado, Stella <Stella.Alvarado@anadarko.com>; P.H.Noah@conocophillips.com; Hague@api.org; amodiano@usoga.org; gmorby@chevron.com; pblair@atr.org; David.kreutzer@heritage.org
Subject: RE: RPC Planning/Competitiveness/Analysis Offshore Group

All,

A quick note that Colin M has prompted the draft recs for RPC's PAC to consider to be sent to Chris by tomorrow. If you have concerns with these notes from last offshore work group meeting, please reply all so there is ample opportunity for transparent discussion - and I will look to submit by COB.

Kind regards,

Kevin

From: Simpson, Kevin C SEPCO-GRA
Sent: Friday, April 13, 2018 3:31 PM
To: renee.orr@boem.gov; scott.angelle@bsee.gov; 'Schindler, James' <james.schindler@boem.gov>; 'RPC, DOI' <rpc@ios.doi.gov>; 'Randall Luthi' <rluthi@noia.org>; Alvarado, Stella <Stella.Alvarado@anadarko.com>; 'Noah, P H' <P.H.Noah@conocophillips.com>; 'Emily Hague' <Hague@api.org>; Albert Modiano <amodiano@usoga.org>; Gregory Morby <gmorby@chevron.com>; pblair@atr.org <pblair@atr.org>; 'David kreutzer@heritage.org' <David.kreutzer@heritage.org>
Subject: RE: RPC Planning/Competitiveness/Analysis Offshore Group

DOI-BSEE-18-0492-A-000035

Offshore Work Group:

Based off of yesterday's call, I'm going to try and capture (1) list of attendees (2) some rough draft language for recommendations for the Planning/Analysis/Competitiveness subcomm to consider.

Please let me know if there are any issues with accuracy:

Attendees:

1. Jennifer Galludet
2. Stella Alvarado
3. Renee Orr
4. Emily Hague
5. Paul Blair
6. Greg Morby
7. Patrick Noah
8. David Kreutzer

Potential draft recommendations and actions:

1. **Lease Block Sizes:** Offshore work group recognizes that statutory language of OCSLA limits OCS lease block sizes to 3 miles x 3 miles. This is the smallest lease block size among competing international offshore regimes. Therefore, recommend DOI work with Congress to amend OCSLA to grant Interior Secretary broad flexibility to offer larger lease block sizes, particularly for frontier areas, with authority to revert to offering smaller lease block sizes as planning areas mature.
2. **Regulatory Reform:** Insofar as concerns competitiveness of the US OCS regime and potential for greater production and corresponding revenues, the offshore work group recognizes some opportunity for more stable, predictable, and streamlined regulation. P. Blair will compile several proposed regulatory reforms through ATR's resources to help inform potential draft recommendations on same.
3. **Royalty relief for late life or challenging assets:** Offshore committee recommends appropriate DOI/agency personnel consider, in their review of potential avenues for improved achievability of existing statutory royalty relief options, such factors as enhance oil recovery (EOR); high pressure/high temperature wells (HPHT); and reservoir depths. (NOTE: 20,000 feet TVDSS is a common marker for exceptionally challenging reservoir depth.)
4. **Transportation deduction:** Not discussed in depth and need to revisit.

-----Original Appointment-----

From: Simpson, Kevin C SEPCO-GRA

Sent: Tuesday, April 10, 2018 3:54 PM

To: Simpson, Kevin C SEPCO-GRA; renee.orr@boem.gov; scott.angelle@bsee.gov; Schindler, James; RPC, DOI <rpc@ios.doi.gov>; Randall Luthi; Alvarado, Stella; Noah, P H; Emily Hague; Albert Modiano; Gregory Morby; pblair@atr.org; David.kreutzer@heritage.org

Subject: RPC Planning/Competitiveness/Analysis Offshore Group

When: Wednesday, April 11, 2018 2:30 PM-3:30 PM (UTC-06:00) Central Time (US & Canada).

Where: Skype Meeting

RPC Offshore Work Group members,

We need to follow up on some of the issues tabled in our previous discussions and some newer items raised since then.

It seems I will be traveling for much of the next two weeks but I've got a couple hours tomorrow afternoon with availability. Please let me know if moving this a little earlier or later will better enable us to have the call. Following the call, I'll send a summary to the group to capture items discussed for the work group whether attended or not.

This will also serve as a forum to introduce and hear from our newer members from the think tank/taxpayer interest side.

Thanks and look forward to connecting.

■ (b) (5)

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Conversation Contents

[EXTERNAL] SafeOCS

Attachments:

/6. [EXTERNAL] SafeOCS/1.1 3044_001.pdf

Matt McCarroll <MattM@fwellc.com>

From: Matt Carroll <mattm@fwellc.com>
Sent: Tue May 01 2018 14:03:52 GMT-0600 (MDT)
To: "Scott Angelle (scott.angelle@bsee.gov)" <scott.angelle@bsee.gov>
Subject: [EXTERNAL] SafeOCS
Attachments: 3044_001.pdf

Best Regards,

Matt McCarroll
President & CEO
Fieldwood Energy LLC
2000 West Sam Houston Pkwy
Suite 1200
Houston, TX 77042
713-969-1015 (O)
713-385-0340 (C)
MattM@fwellc.com

Conversation Contents

[EXTERNAL] Fwd: News Release: LMOGA Responds to Secretary Zinke's Announcement on Royalty Rates

Lori LeBlanc <lori@lorileblancllc.com>

From: Lori LeBlanc <lori@lorileblancllc.com>
Sent: Wed Apr 18 2018 10:58:28 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>, <preston.beard@bsee.gov>
Subject: [EXTERNAL] Fwd: News Release: LMOGA Responds to Secretary Zinke's Announcement on Royalty Rates

DOI-BSEE-18-0492-A-000038



May 1, 2018

Secretary Angelle
Bureau of Safety and Environmental Enforcement
1849 C Street, NW
Washington, DC 20240

Dear Secretary Angelle:

Thank you for the correspondence regarding the SafeOCS program. Fieldwood Energy has been an active member of the Planning Team for SafeOCS since November 2017. We understand the value proposition of the program and believe it could be a useful tool for improving the safety of our industry.

Fieldwood has participated in several Planning Team meetings to collaborate on methods for data compilation that support the program's objectives. Considering our advanced leverage of technology and data in support of our own substantial scale of operations, Fieldwood discovered that we have much to offer toward the program's purpose. In fact, we believe that we've been a substantial contributor to the Planning Team's efforts in defining meaningful and realistic goals.

It is important to note that we have already completed and executed the Cooperative Agreement between Fieldwood and the Bureau of Transportation Statistics (BTS). We plan to continue our participation in SafeOCS as early adopters, and we look forward to the value the program may bring toward continuously improving the safety of our industry.

Finally, we want to extend our sincere appreciation to you and the entire BSEE staff for working with industry on these important topics

Sincerely,

A blue ink signature of the name Matt McCarroll.

Matt McCarroll
CEO, Fieldwood Energy

----- Original Message -----

From: Ashley Cain <ashley.cain@lmooga.com>
To: "lori@lorileblancllc.com" <lori@lorileblancllc.com>
Date: April 18, 2018 at 12:42 PM
Subject: News Release: LMOGA Responds to Secretary Zinke's Announcement on Royalty Rates

[Web version](#) | [Forward](#)



LMOGA Responds to Secretary Zinke's Announcement on Royalty Rates

BATON ROUGE, LA --- *LMOGA President Chris John made the following statement regarding the recent announcement on royalty rates:*

"LMOGA is surprised and disappointed by yesterday's announcement from U.S. Department of Interior Secretary Ryan Zinke to maintain existing offshore royalty rates, especially in the deepwater Gulf of Mexico. LMOGA appreciates DOI's recent efforts around regulatory reforms; however, we believe the federal government needs to do more to attract industry

capital investments in the Gulf of Mexico in order to remain competitive as compared to other basins around the world. The declining interest in recent Gulf of Mexico offshore lease sales is evidence that more needs to be done to attract new investments, create more jobs and increase revenues to the federal government. According to federal lease sale data compiled by economist Dr. Loren Scott, lease sale revenues in the Central Gulf demonstrated a decline from 2014 to 2017 from \$851 million to \$274 million, or 32%; and participation by companies during that same period declined from 50 firms to 28 firms, or 56%.

The recent increase in America's energy production, specifically in the Gulf of Mexico, is a result of the oil and gas industry's capital investments made several years ago. This current level of production and the federal revenue generated from our offshore waters is not sustainable for the long-term without an increase in industry investments today which can be supported by a reduced royalty rate. In addition, increasing investments in the Gulf will result in an increase in critical offshore revenues towards Louisiana's coastal restoration and protection efforts.

LMOGA is encouraged by the Secretary's statement that the Agency will heed the recommendation of the Royalty Policy Committee to proceed with a study on international onshore and offshore data to further support the need for royalty relief. As such, we urge DOI to aggressively initiate this study to advance America's energy dominance well into the future."

###

Louisiana Mid-Continent Oil
and Gas Association

730 North Blvd.
Baton Rouge, LA 70802
P: 225-387-3205
F: 225-344-6502
[Unsubscribe](#)



Conversation Contents

Fwd: Reminder: LMOGA/OOC Meeting with BSEE Director Scott Angelle

Lori LeBlanc <lori@lorileblancllc.com>

From: Lori LeBlanc <lori@lorileblancllc.com>
Sent: Sun Mar 04 2018 08:06:35 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: Fwd: Reminder: LMOGA/OOC Meeting with BSEE Director Scott Angelle

LMOGA email below...

----- Original Message -----

From: Lori LeBlanc <lori@lorileblancllc.com>

To: Lori LeBlanc <lori@lorileblancllc.com>
Cc: Chris John <chris.john@lmoaga.com>
Date: March 1, 2018 at 5:44 PM
Subject: Reminder: LMOGA/OOC Meeting with BSEE Director Scott Angelle

REMINDER: PLEASE BE SURE TO REGISTER SOON!!

Please join us for a LMOGA/OOC joint meeting on Friday, March 9th at 10am for our offshore operator member companies. BSEE Director, Scott Angelle will provide an update on current offshore issues at BSEE. The Director will be joined by key BSEE personnel from the GOM Region.

What: LMOGA/OOC Offshore Operators Update Meeting

When: Friday, March 9, 10am Central

Where: Chevron, 1st Floor Auditorium, 1500 Louisiana St., Houston, TX 77002

RSVP by Noon on Thursday, March 8th (Registration is required)

There is no visitor parking; however, we have provided a map with parking suggestions. This is a closed meeting restricted to LMOGA and OOC offshore operator members. All attendees will need to show credentials and be registered in the visitor management system. No media or non-operators will be admitted to the event.

Space is limited, therefore we will restrict attendance to three attendees per company.

Please click the link below to register.

<https://www.theooc.org/events/lmoaga-ooc-offshore-operators-update-meeting>

Thank you,

Lori LeBlanc
Director, Offshore Committee
Louisiana Mid-Continent Oil & Gas Association
(c) 985.209.7932

lori@lorileblancllc.com

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Sun Mar 04 2018 13:21:21 GMT-0700 (MST)
To: Lori LeBlanc <lori@lorileblancllc.com>
Subject: Re: Reminder: LMOGA/OOC Meeting with BSEE Director Scott Angelle

Sent from my iPhone

On Mar 4, 2018, at 10:06 AM, Lori LeBlanc <lori@lorileblancllc.com> wrote:

LMOGA email below...

----- Original Message -----
From: Lori LeBlanc <lori@lorileblancllc.com>

DOI-BSEE-18-0492-A-000042

From: Lori LeBlanc <lori@lorileblancllc.com>
To: Lori LeBlanc <lori@lorileblancllc.com>
Cc: Chris John <chris.john@lmoaga.com>
Date: March 1, 2018 at 5:44 PM
Subject: Reminder: LMOGA/OOC Meeting with BSEE Director Scott Angelle

REMINDER: PLEASE BE SURE TO REGISTER SOON!!

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Thank you,

Lori LeBlanc
Director, Offshore Committee
Louisiana Mid-Continent Oil & Gas Association
(c) 985.209.7932
lori@lorileblancllc.com

Conversation Contents

discussions next week...

Attachments:

/9. discussions next week.../1.1 image001.png

"Fury, Sandi" <SFury@chevron.com>

From: "Fury, Sandi" <SFury@chevron.com>
Sent: Thu Mar 01 2018 08:27:48 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: discussions next week...
Attachments: image001.png

Scott,

In lieu of the below, Jeff Shellebarger would like to meet with you to say hello next Friday am at 9 am for about 15 mins in our Houston office. His office is in the same building as you will be hosting your Industry townhall. I would like 15-20 mins of your time after that. Please confirm this can work so I can confirm Jeff's calendar, and my schedule.

Do you have any other time to meet with Marcel next week? Please advise.

Sandi

From: Robichaux, Marcel (MRobichaux)
Sent: Wednesday, February 28, 2018 6:55 PM
To: Scott Angelle <scott.angelle@bsee.gov>
Cc: Fury, Sandi <SFury@chevron.com>
Subject: RE: [**EXTERNAL**] Re: potential for WellSafe discussion - Mar 5-9 Houston

Scott, we'll work with your schedule to arrange a good time for you.


Marcel Robichaux
Upstream Capability Drilling & Completions
GM Assurance
281-435-5239 Cell
MRobichaux@chevron.com

From: Scott Angelle [<mailto:scott.angelle@bsee.gov>]
Sent: Wednesday, February 28, 2018 5:03 PM
To: Robichaux, Marcel (MRobichaux) <MRobichaux@chevron.com>
Cc: Fury, Sandi <SFury@chevron.com>
Subject: [**EXTERNAL**] Re: potential for WellSafe discussion - Mar 5-9 Houston

Another time is good. Thanks

Sent from my iPhone

On Feb 28, 2018, at 4:46 PM, Robichaux, Marcel (MRobichaux) <MRobichaux@chevron.com> wrote:

Scott, I learned that you are sandwiched between meetings with Jeff Shellebarger as well as industry townhall in our office auditorium. I didn't want to cut our conversation short so would over lunch and or just after lunch work for you? Or, we can do it another time somewhere at your convenience. I can come to your office as well.....to do this conversation justice, I probably need ~1-1/2 hrs.....and would be willing to have others in your organization get the overview as well.....I presented to Lars' team a couple of months back so he is fully briefed.

Please let me know what you'd like to do.

Marcel

Marcel Robichaux <image001.png>
Upstream Capability Drilling & Completions
GM Assurance
281-435-5239 Cell
MRobichaux@chevron.com

From: Robichaux, Marcel (MRobichaux)
Sent: Wednesday, February 28, 2018 9:57 AM
To: Scott Angelle <scott.angelle@bsee.gov>
Cc: Fury, Sandi <SFury@chevron.com>
Subject: Re: [**EXTERNAL**] Re: potential for WellSafe discussion - Mar 5-9 Houston

Deal.....I'll send details when I get back.....I'm out in the Midland field area right now.

Marcel

On Feb 28, 2018, at 9:15 AM, Scott Angelle <scott.angelle@bsee.gov> wrote:

DOI-BSEE-18-0492-A-000045

I am available at 9 am on Friday March 9 at your office. Please provide address
Sent from my iPhone

On Feb 26, 2018, at 9:39 PM, Scott Angelle <scott.angelle@bsee.gov> wrote:

ThAnks. Always good to visit with a robichaux
Sent from my iPhone

On Feb 26, 2018, at 9:15 PM, Fury, Sandi <SFury@chevron.com>
wrote:

Marcel,

I spoke with BSEE Dir Angelle today and he advised that he will be in Houston for CERA week, Mar 5-9. He expects to have some time and is interested in meeting with you to learn about our WellSafe program. I have copied Dir Angelle on the email, as you can expect him to reach out to you directly to try to schedule a visit. Please keep me posted if a meeting time and date materializes.

Any questions, please advise.

Sandi
Sandi Fury
Regulatory Affairs Mgr
Gulf of Mexico Business Units
Chevron North America Exploration and Production
Company
(a Chevron U.S.A. Inc. Division)
100 Northpark Blvd.
Covington, LA 70433
Tel 985-773-6095
Cell: 504-432-6794
sfury@chevron.com

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Thu Mar 01 2018 09:31:55 GMT-0700 (MST)
To: "Fury, Sandi" <SFury@chevron.com>
CC: Eileen Angelico <eileen.angelico@bsee.gov>
Subject: Re: discussions next week...

Sounds goods. Eileen please work schedule accordingly

Sent from my iPhone

On Mar 1, 2018, at 10:27 AM, Fury, Sandi <SFury@chevron.com> wrote:

In lieu of the below, Jeff Shellebarger would like to meet with you to say hello next Friday am at 9 am for about 15 mins in our Houston office. His office is in the same building as you will be hosting your Industry townhall. I would like 15-20 mins of your time after that. Please confirm this can work so I can confirm jeff's calendar, and my schedule.

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Marcel Robichaux <[image001.png](#)>
Upstream Capability Drilling & Completions
GM Assurance
281-435-5239 Cell
MRobichaux@chevron.com

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Sent: Wednesday, February 28, 2018 9:57 AM
To: Scott Angelle <scott.angelle@bsee.gov>
Cc: Fury, Sandi <SFury@chevron.com>

Subject: Re: [**EXTERNAL**] Re: potential for wellsare discussion - Mar 5-9
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Sent from my iPhone

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<SFury@chevron.com> wrote:

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Any questions, please advise.

Sandi

Sandi Fury

Regulatory Affairs Mgr

Gulf of Mexico Business Units

Chevron North America Exploration and

Production Company

(a Chevron U.S.A. Inc. Division)

100 Northpark Blvd.

Covington, LA 70433

Tel 985-773-6095

Cell: 504-432-6794

sfury@chevron.com

"Angelico, Eileen" <eileen.angelico@bsee.gov>

From:

AMERICAN
OVERSIGHT

"Angelico, Eileen" <eileen.angelico@bsee.gov>

Thu Mar 01 2018 09:36:23 GMT 0700 (MST)

DOI-BSEE-18-0492-A-000048

SENT: Friday, March 02, 2018 09:30:23 GMT-07:00 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: "Fury, Sandi" <SFury@chevron.com>
Subject: Re: discussions next week...

Scott and Sandi,

I will amend itinerary accordingly.

Thanks,

Eileen

On Thu, Mar 1, 2018 at 11:31 AM, Scott Angelle <scott.angelle@bsee.gov> wrote:
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Sent from my iPhone

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Scott,

In lieu of the below, Jeff Shellebarger would like to meet with you to say hello next Friday am at 9 am for about 15 mins in our Houston office. His office is in the same building as you will be hosting your Industry townhall. I would like 15-20 mins of your time after that. Please confirm this can work so I can confirm Jeff's calendar, and my schedule.

Do you have any other time to meet with Marcel next week? Please advise.

Sandi

From: Robichaux, Marcel (MRobichaux)
Sent: Wednesday, February 28, 2018 6:55 PM
To: Scott Angelle <scott.angelle@bsee.gov>
Cc: Fury, Sandi <SFury@chevron.com>
Subject: RE: [**EXTERNAL**] Re: potential for WellSafe discussion - Mar 5-9 Houston

Scott, we'll work with your schedule to arrange a good time for you.

Marcel Robichaux <image001.png>
Upstream Capability Drilling & Completions
GM Assurance
281-435-5239 Cell
MRobichaux@chevron.com

From: Scott Angelle [mailto:scott.angelle@bsee.gov]
Sent: Wednesday, February 28, 2018 5:03 PM
To: Robichaux, Marcel (MRobichaux) <MRobichaux@chevron.com>
Cc: Fury, Sandi <SFury@chevron.com>
Subject: [**EXTERNAL**] Re: potential for WellSafe discussion - Mar 5-9 Houston

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DOI-BSEE-18-0492-A-000049

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From: Robichaux, Marcel (MRobichaux)

Sent: Wednesday, February 28, 2018 9:57 AM

To: Scott Angelle <scott.angelle@bsee.gov>

Cc: Fury, Sandi <SFury@chevron.com>

Subject: Re: [**EXTERNAL**] Re: potential for WellSafe discussion - Mar 5-9 Houston

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On Feb 28, 2018, at 9:15 AM, Scott Angelle <scott.angelle@bsee.gov> wrote:

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Sent from my iPhone

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Any questions, please advise.

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Regulatory Affairs Mgr
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100 Northpark Blvd.
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sfury@chevron.com

Conversation Contents

potential for WellSafe discussion - Mar 5-9 Houston

Attachments:

/10. potential for WellSafe discussion - Mar 5-9 Houston/3.1 image001.png
/10. potential for WellSafe discussion - Mar 5-9 Houston/6.1 image001.png
/10. potential for WellSafe discussion - Mar 5-9 Houston/8.1 image001.png

"Fury, Sandi" <SFury@chevron.com>

From: "Fury, Sandi" <SFury@chevron.com>
Sent: Mon Feb 26 2018 19:15:01 GMT-0700 (MST)
To: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
CC: Scott Angelle <scott.angelle@bsee.gov>
Subject: potential for WellSafe discussion - Mar 5-9 Houston

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Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Mon Feb 26 2018 19:39:33 GMT-0700 (MST)
To: "Fury, Sandi" <SFury@chevron.com>
CC: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
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"Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>

From: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
Sent: Tue Feb 27 2018 04:38:12 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>, "Fury, Sandi" <SFury@chevron.com>
CC: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
Subject: RE: Re: potential for WellSafe discussion - Mar 5-9 Houston
Attachments: image001.png

That would be great.

I just so happen to have time the afternoons of March 6th, 7th or 8th

We can do after lunch either of those days if that works for you Scott.

Can meet at our office or if there is a place suitable for you would work as well, but would like to have a projector so I can run you through a few slides.

Look forward to it.

Marcel



Marcel Robichaux

Upstream Capability Drilling & Completions

GM Assurance

281-435-5239 Cell

MRobichaux@chevron.com

From: Scott Angelle [mailto:scott.angelle@bsee.gov]

Sent: Monday, February 26, 2018 8:40 PM

To: Fury, Sandi <SFury@chevron.com>

Cc: Robichaux, Marcel (MRobichaux) <MRobichaux@chevron.com>

Subject: [**EXTERNAL**] Re: potential for WellSafe discussion - Mar 5-9 Houston

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From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Wed Feb 28 2018 08:15:17 GMT-0700 (MST)
To: "Fury, Sandi" <SFury@chevron.com>
CC: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
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"Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>

From: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
Sent: Wed Feb 28 2018 08:57:24 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: "Fury, Sandi" <SFury@chevron.com>
Subject: Re: Re: potential for WellSafe discussion - Mar 5-9 Houston

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"Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>

From: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
Sent: Wed Feb 28 2018 14:46:13 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: "Fury, Sandi" <SFury@chevron.com>
Subject: Re: potential for WellSafe discussion - Mar 5-9 Houston
Attachments: image001.png

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Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Wed Feb 28 2018 16:02:53 GMT-0700 (MST)
To: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
CC: "Fury, Sandi" <SFury@chevron.com>
Subject: Re: potential for WellSafe discussion - Mar 5-9 Houston

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From: "Robichaux, Marcel (MRobichaux)" <MRobichaux@chevron.com>
Sent: Wed Feb 28 2018 17:55:09 GMT-0700 (MST)
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Conversation Contents

FW: BSEE eyes new system for offshore safety in US | Upstream

"Fury, Sandi" <SFury@chevron.com>

From: "Fury, Sandi" <SFury@chevron.com>
Sent: Fri Nov 17 2017 07:16:17 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: FW: BSEE eyes new system for offshore safety in US | Upstream

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Subject: BSEE eyes new system for offshore safety in US | Upstream
http://www.upstreamonline.com/hardcopy/1381391/bsee-eyes-new-system-for-offshore-safety-in-us?utm_medium=email&utm_source=free_article_access&utm_content=182130718

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Fri Nov 17 2017 08:00:00 GMT-0700 (MST)
To: "Fury, Sandi" <SFury@chevron.com>
Subject: Re: BSEE eyes new system for offshore safety in US | Upstream

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From: "Fury, Sandi" <SFury@chevron.com>
Sent: Fri Nov 17 2017 08:16:00 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: RE: Re: BSEE eyes new system for offshore safety in US | Upstream

Is this related to BSEE inspections ? or permitting? ----Original Message----- From: Scott Angelle [mailto:scott.angelle@bsee.gov] Sent: Friday, November 17, 2017 9:00 AM To: Fury, Sandi <SFury@chevron.com> Subject: [**EXTERNAL**] Re: BSEE eyes new system for offshore safety in US | Upstream I don't understand the question? Sent from my iPhone > On Nov 17, 2017, at 9:16 AM, Fury, Sandi <SFury@chevron.com> wrote: > > The article does not say much. Can Industry assume this effort is really focused on "risk based inspections"? > > Thx. > > Sandi Fury > Chair technical Subcommittee Offshore Operators Committee > _____ > > Subject:

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Sent: Fri Nov 17 2017 08:31:04 GMT-0700 (MST)
To: "Fury, Sandi" <SFury@chevron.com>
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"Fury, Sandi" <SFury@chevron.com>

From: "Fury, Sandi" <SFury@chevron.com>
Sent: Fri Nov 17 2017 09:11:27 GMT-0700 (MST)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: FW: BSEE eyes new system for offshore safety in US | Upstream
Subject: Re: BSEE eyes new system for offshore safety in US | Upstream

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\$63.41
WTI spot:
\$56.07 ▾ -1.13%
WTI futures (1 mo):
\$56.98
JK Nat Gas (1 mo):
54.83p
JK Nat Gas (2 mo):
56.09p

WEEKLY

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 Aiming for better results: BSEE Director Scott Angelle Photo: BSEE

BSEE eyes new system for offshore safety in US

sk-based approach set to replace prescriptive model as Bureau of Safety & Environmental Enforcement seeks to examine rules

[Caroline Evans](#)

1st in

Nov 2017 16:56 GMT

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The administration of US President Donald Trump is considering a risk-based approach to offshore safety if it seeks to ease regulations on the oil and gas industry.

The Bureau of Safety & Environmental Enforcement (BSEE) director Scott Angelle told Upstream the agency's Gulf of Mexico teams are currently working up a proposal for a risk-based system, and he hopes have a report on his desk by the end of the year.

The risk-based approach sets out objectives that oil companies must achieve to keep operations safe instead a prescribed checklist of things they must do, which may not be right for all circumstances.

Operators must identify hazards associated with operating platforms, assess the risks and the consequences of those hazards if they did occur and put in place suitable measures to control and mitigate them.

The previous Obama administration, which focused on prescriptive approaches for regulations, including well control and Arctic rules, initiated a risk-based pilot programme in late 2015. However, the project was abandoned, Angelle said.

He added that the prescriptive model would not disappear entirely.

"There are some things that certainly I think we have to check the box and make sure what they're doing, I question, but I think if we apply more of a risk-based approach to it, we'll end up with better safety results," Angelle said on the sidelines of the International Association of Drilling Contractors annual conference in Austin, Texas.

"I think you have 1500 people that operate wells onshore. We only have 88 offshore in all of America," he said. "So transitioning to a risk-based programme, I think, can be executed in a timely fashion and I think it can improve safety, so I'm excited about that."

Angelle's agency is currently reviewing the Obama administration's well control rule, which was criticised the offshore oil and gas industry as overly prescriptive. The review is being carried out as part of Trump's executive order calling for an "America first" strategy for managing offshore energy resources.

Capital goes where capital is treated well, and folks need to understand that we are trying to create an environment where there's a place for them to deploy capital, create jobs, and bring some production in America," Angelle said.

The agency will next consider the Arctic rule, which the Obama administration finalised last year following Trump's 2012 and 2015 Chukchi campaigns.

The rule requires operators in the Beaufort and Chukchi seas to have access to a second rig to drill a relief well in case of a blowout.

Operators must also keep on hand source control and containment equipment, such as capping stacks and containment domes, while drilling or working below surface casing.

The industry balked at the rules when they were laid out, saying they would inhibit Arctic exploration, while environmental groups worried they did not go far enough to protect the environment. Angelle said the BSEE does not currently have any applications for mobile drilling units in the Arctic.

Conversation Contents

Attachments:

/12. /1.1 Inspector Time Usage 2016 2017.xlsx

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Tue Sep 05 2017 17:07:27 GMT-0600 (MDT)
To: kalil@arenaoffshore.com, sfury@chevron.com, hopkinsh@api.org, WilliamsC@centerforoffshoresafety.org

DOI-BSEE-18-0492-A-000065

CC: katharine_macgregor@ios.doi.gov
Subject:
Attachments: Inspector Time Usage 2016 2017.xlsx

Please see attached. You will notice that our inspectors spend about a third of their time reviewing records. And 88 percent of that time reviewing records is offshore. While I'm certain some of this review may be necessary offshore we might improve efficiencies, cost, and safety if we 1) implement a procedure to allow access to many of these records electronically 2) allow inspectors when physically offshore to focus on what can't be done onshore or electronically. Your thoughts welcome. Sent from my iPhone

"Fury, Sandra (SFUR)" <SFury@chevron.com>

From: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Sent: Tue Sep 05 2017 20:23:54 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: Katharine MacGregor <katharine_macgregor@ios.doi.gov>, "kalil@arenaoffshore.com" <kalil@arenaoffshore.com>, Holly Hopkins <hopkinsh@api.org>, "Charlie R. Williams" <WilliamsC@centerforoffshoresafety.org>
Subject: RE:

Scott, For our Chevron production facilities, your inspectors can routinely access facility inspection records through an electronic portal and perform a paperwork review from the beach, saving the witnessing of component testing for when they actually do make it offshore. The offshore part of the inspection is then often completed in a shorter period of time once offshore. At this time, however we normally only see this when the inspectors are headed out for their annual inspection and offshore travel is hindered due to inclement weather. I will explore what records your inspectors can routinely access from the drilling side and revert. So for certain things, this can definitely be done. Hope this helps. Sandi -----Original Message----- From: Scott Angelle [mailto:scott.angelle@bsee.gov] Sent: Tuesday, September 05, 2017 6:07 PM To: kalil@arenaoffshore.com; Fury, Sandra (SFUR) <SFury@chevron.com>; hopkinsh@api.org; WilliamsC@centerforoffshoresafety.org Cc: katharine_macgregor@ios.doi.gov Subject: [**EXTERNAL**] Please see attached. You will notice that our inspectors spend about a third of their time reviewing records. And 88 percent of that time reviewing records is offshore. While I'm certain some of this review may be necessary offshore we might improve efficiencies, cost, and safety if we 1) implement a procedure to allow access to many of these records electronically 2) allow inspectors when physically offshore to focus on what can't be done onshore or electronically. Your thoughts welcome

"Charlie R. Williams" <WilliamsC@centerforoffshoresafety.org>

From: "Charlie R. Williams" <WilliamsC@centerforoffshoresafety.org>
Sent: Tue Sep 05 2017 21:57:46 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: "Charlie R. Williams" <WilliamsC@centerforoffshoresafety.org>
Subject: RE:

Scott - thanks so much for your note. Yes - as you note - many if not most operations records are available onshore and electronically. In fact some large operators have onshore "real time production centers" of various kinds that collect and analyze operating and maintenance information and can be fully linked and interactive with some of the offshore control rooms. I think it would be good if you have not visited one - either Shell's "Bridge" in New Orleans or similar - for you to visit one. But even small operators with the current electronics capabilities can and do collect operations

information and reports and move it onshore - even if it is only scanned reports put into searchable PDF systems. I agree the best use of offshore time is to physically observe the integrity and maintenance of the offshore equipment. Thus doing as much review of reports, data, and check sheets onshore gives more time for the offshore physical inspection. The offshore physical inspections are also be a check on what is seen in the onshore data. So my short answer is I think this is a good suggestion that could improve efficiency, effectiveness, and safety at the same time. I look forward to the opportunity - if you decide to do so - of working with a small industry group to discuss and further this suggestion and determine what is possible and what delivers the best result. As you know there are other things related to operations data and reports and their analysis that might also be worth discussing and considering. Thanks a lot! Charlie Williams Charlie Williams Executive Director Center for Offshore Safety 832-495-4929 Mobile 832-654-5917 Fax 713-980-1999 1990 Post Oak Blvd Suite 1370 Houston, TX 77056 www.centerforoffshoresafety.org ----- Original Message----- From: Scott Angelle [mailto:scott.angelle@bsee.gov] Sent: Tuesday, September 05, 2017 6:07 PM To: kalil@arenaoffshore.com; sfury@chevron.com; Holly Hopkins; Charlie R. Williams Cc: katharine_macgregor@ios.doi.gov Subject: Please see attached. You will notice that our inspectors spend about a third of their time reviewing records. And 88 percent of that time reviewing records is offshore. While I'm certain some of this review may be necessary Offshore we might improve efficiencies, cost, and safety if we 1) implement a procedure to allow access to many of these records electronically 2) allow inspectors when physically offshore to focus on what can't be done onshore or electronically. Your thoughts welcome

Conversation Contents

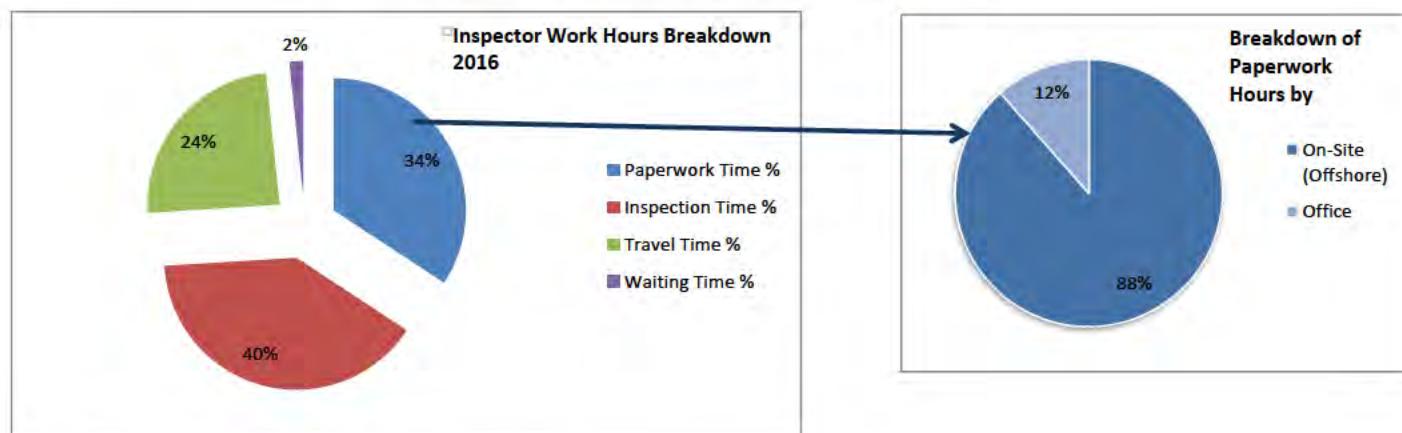
2017 AABE Energy Policy Summit

Attachments:

- /13. 2017 AABE Energy Policy Summit/1.1 image002.jpg
- /13. 2017 AABE Energy Policy Summit/1.2 Scott Angelle, Director.pdf
- /13. 2017 AABE Energy Policy Summit/1.3 AABE 2017 Energy Policy Summit Draft Agenda.pdf
- /13. 2017 AABE Energy Policy Summit/1.4 Energy Policy Summit Save the Date.pdf
- /13. 2017 AABE Energy Policy Summit/2.1 image001.jpg
- /13. 2017 AABE Energy Policy Summit/3.1 image002.jpg
- /13. 2017 AABE Energy Policy Summit/4.1 image002.jpg
- /13. 2017 AABE Energy Policy Summit/4.2 Scott Angelle, Director.pdf
- /13. 2017 AABE Energy Policy Summit/4.3 AABE 2017 Energy Policy Summit Draft Agenda.pdf
- /13. 2017 AABE Energy Policy Summit/4.4 Energy Policy Summit Save the Date.pdf
- /13. 2017 AABE Energy Policy Summit/5.1 image002.jpg
- /13. 2017 AABE Energy Policy Summit/6.1 image001.jpg

INSPECTION HOURS - ALL REGIONS

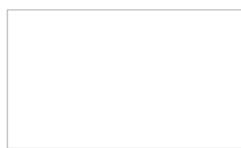
Office/ On-Site	YEAR	Paperwork	Inspection	Travel Time	Waiting Time	Total Time	Flight Days
		Time (Hrs)	Time (Hrs)	[Hrs]	[Hrs]	[Hrs]	
		Paperwork Time %	Inspection Time %	%	%	%	
	2016	28,239	32,804	20,060	1,373	82,476	12,488
	Percentage of Total Time	34%	40%	24%	2%		
Office		3,257	170	125	53	3,605	
	Percentage of Categorical Total Time	12%	1%	1%	4%		
On-Site (Offshore)	Percentage of Total Time	90%	5%	3%	1%		
	Percentage of Categorical Total Time	88%	99%	99%	96%		
	Percentage of Total Time	32%	41%	25%	2%		
		28,239	32,804	20,060	1,373	82,476	
	2017	16,964	19,628	12,693	1,299	50,584	7,723
Office		3,179	1,144	308	430	5,062	
	Percentage of Categorical Total Time	19%	6%	2%	33%		
On-Site	Percentage of Total Time	63%	23%	6%	9%		
	Percentage of Categorical Total Time	81%	94%	98%	67%		
	Percentage of Total Time	30%	41%	27%	2%		
		16,964	19,628	12,693	1,299	50,584	



Source: Technical Information System (TIMS) e-Inspections

Felicia Kelly <fkelly@aabe.org>

From: Felicia Kelly <fkelly@aabe.org>
Sent: Wed Aug 30 2017 10:57:20 GMT-0600 (MDT)
To: "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>
CC: "Thomas.lillie@bsee.gov" <Thomas.lillie@bsee.gov>, "Washington, Gregory J (GWashington)" <GWashington@chevron.com>, "warner.williams@outlook.com" <warner.williams@outlook.com>, Paula Glover <pglover@aabe.org>
Subject: 2017 AABE Energy Policy Summit
Attachments: image002.jpg Scott Angelle, Director.pdf AABE 2017 Energy Policy Summit Draft Agenda.pdf Energy Policy Summit Save the Date.pdf



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If you have any questions, please contact Paula Glover, President & CEO at (202) 371-9530 or pglover@aabe.org.

Felicia A. Kelly, Director
Member Services and Events
American Association of Blacks in Energy
1625 K Street NW, Suite 405
Washington, DC 20006
(202) 371 – 9530 Ext. 102 Office
(202) 321 – 4782 Cell
www.aabe.org

Register Today! [AABE Energy Policy Summit](#) | October 16-17, 2017 | Washington D.C.

Warner Williams <warner.williams@outlook.com>

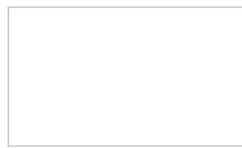
From: Warner Williams <warner.williams@outlook.com>
Sent: Wed Aug 30 2017 14:38:22 GMT-0600 (MDT)

DOI-BSEE-18-0492-A-000069

To: Felicia Kelly <fkelly@aabe.org>, "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>
CC: "Thomas.lillie@bsee.gov" <Thomas.lillie@bsee.gov>, "Washington, Gregory J (GWashington)" <GWashington@chevron.com>, Paula Glover <pglover@aabe.org>
Subject: RE: 2017 AABE Energy Policy Summit
Attachments: image001.jpg

It appears Director Angelle is available, per a text I received. I would work quickly to get a confirmation and advise him the role you would like him to play.

From: Felicia Kelly [mailto:fkelly@aabe.org]
Sent: Wednesday, August 30, 2017 11:57 AM
To: scott.angelle@bsee.gov
Cc: Thomas.lillie@bsee.gov; Washington, Gregory J (GWashington) <GWashington@chevron.com>; warner.williams@outlook.com; Paula Glover <pglover@aabe.org>
Subject: 2017 AABE Energy Policy Summit



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"Lillie, Thomas" <thomas.lillie@bsee.gov>

From:

"Lillie, Thomas" <thomas.lillie@bsee.gov>

Wed Aug 30 2017 11:40:20 GMT 0000 (MDT)

DOI-BSEE-18-0492-A-000070

Sent: 2017-08-30 14:49:20 GMT-0600 (MDT)
To: Felicia Kelly <fkelly@aabe.org>
CC: "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>, "Washington, Gregory J (GWashington)" <GWashington@chevron.com>, "warner.williams@outlook.com" <warner.williams@outlook.com>, Paula Glover <pglover@aabe.org>
Subject: Re: 2017 AABE Energy Policy Summit
Attachments: image002.jpg

What time will the keynote address be on October 16?

Tom Lillie
Chief of Staff
Bureau of Safety and Environmental Enforcement
(202) 208-6286
thomas.lillie@bsee.gov

On Wed, Aug 30, 2017 at 12:57 PM, Felicia Kelly <fkelly@aabe.org> wrote:



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Scott Angelle <scott.angelle@bsee.gov>

Sent: Thu Aug 31 2017 03:05:36 GMT-0600 (MDT)
To: thomas.lillie@bsee.gov
Subject: Fwd: 2017 AABE Energy Policy Summit
Attachments: image002.jpg Scott Angelle, Director.pdf AABE 2017 Energy Policy Summit Draft Agenda.pdf Energy Policy Summit Save the Date.pdf

I'd like to do this

Sent from my iPhone

Begin forwarded message:

From: Felicia Kelly <fkelly@aabe.org>
To: "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>
Cc: "Thomas.lillie@bsee.gov" <Thomas.lillie@bsee.gov>, "Washington, Gregory J (GWashington)" <GWashington@chevron.com>, "warner.williams@outlook.com" <warner.williams@outlook.com>, Paula Glover <pglover@aabe.org>
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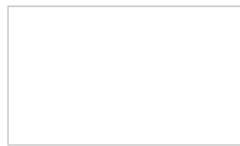
"Lillie, Thomas" <thomas.lillie@bsee.gov>

Sent: Thu Aug 31 2017 04:52:14 GMT-0600 (MDT)
To: Felicia Kelly <fkelly@aabe.org>
CC: "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>, "Washington, Gregory J (GWashington)" <GWashington@chevron.com>, "warner.williams@outlook.com" <warner.williams@outlook.com>, Paula Glover <pglover@aabe.org>
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Tom Lillie
Chief of Staff
Bureau of Safety and Environmental Enforcement
(202) 208-6286
thomas.lillie@bsee.gov

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Sent: Thu Aug 31 2017 04:55:53 GMT-0600 (MDT)
To: "Lillie, Thomas" <thomas.lillie@bsee.gov>, Felicia Kelly <fkelly@aabe.org>
CC: "scott.angelle@bsee.gov" <scott.angelle@bsee.gov>, "warner.williams@outlook.com" <warner.williams@outlook.com>, Paula Glover <pglover@aabe.org>
Subject: RE: Re: 2017 AABE Energy Policy Summit
Attachments: image001.jpg

Tom
Thanks much my friend

Have a great day

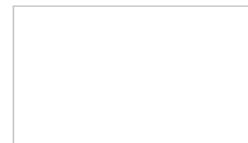
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Chief of Staff
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American Association of Blacks in Energy®

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Email: aabe@aabe.org

Website: www.aabe.org

Paula R. Glover, President and CEO

August 30, 2017

Scott A. Angelle, Director
Bureau of Safety and Environmental Enforcement
1849 C Street, N.W.
Washington DC 20240

Dear Mr. Angelle,

The American Association of Blacks in Energy (AABE®) recognizes that our nation is at a critical juncture on energy policy, and there is a need for leadership and understanding. By convening stakeholders on Monday, October 16th and Tuesday, October 17, 2017 the association will host its 2017 Energy Policy Summit to focus on the leading energy issues that will impact our communities today and in the future. On behalf of the American Association of Blacks in Energy (AABE) and its partners, I am pleased to extend an invitation for you to deliver remarks at the AABE Energy Summit at the National Press Club in Washington, D.C. ***We invite you to deliver "Keynote Address" to our Summit attendees (approx. 300 people) on October 16, 2017.***

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Through its membership of more than 40 chapters nationwide, the association provides a voice of clarity for minority concerns and serves as an educational resource on energy and environmental issues. We encourage the public and private sectors to understand and be responsive to the challenges, goals, and interests of people of color. We also encourage young adults to pursue higher education in energy and business-related fields, and supports them by providing scholarships and internships.

I hope your schedule will allow you to accept our invitation to engage our audience in a constructive dialogue on an issue of great importance to all Americans. As background, I have attached our save-the-date announcement and a preliminary agenda for the Summit. Our hope is to have a good focused discussion about future projects and challenges. I look forward to your favorable response.

Sincerely,

Paula Glover

Attachments

THE AMERICAN ASSOCIATION OF BLACKS IN ENERGY (AABE) ENERGY POLICY SUMMIT

OCTOBER 16-17, 2017
NATIONAL PRESS CLUB
WASHINGTON, DC

Monday, October 16, 2017

7:30 AM – 8:30 AM	CONTINENTAL BREAKFAST
8:30 AM – 8:45 AM	WELCOME & INTRODUCTIONS Paula Glover, President and Chief Executive Officer American Association of Blacks in Energy
8:45 AM – 9:15 AM	UNLEASHING AMERICAN ENERGY
9:15 AM - 9:45 AM	ENERGY AND INNOVATION – Intersection of Energy and Technology and Policy
9:45 AM – 10:00 AM	BREAK
10:00 AM – 10:30 AM	THE FUTURE OF ENERGY
10:30 AM – 11:30 AM	THE ENERGY COMPANY OF THE FUTURE
11:30 AM – 12:30 PM	Federal Tax Reform
12:30 PM – 1:30 PM	LUNCH
1:45 PM – 4:15 PM	INFRASTRUCTURE Electric Sector Oil & Natural Gas Smart Cities
4:30 PM – 4:45 PM	CLOSING REMARKS Rose McKinney-James, Chair, American Association of Blacks in Energy and Managing Partner, McKinney James, LLC
5:00 PM – 6:30 PM	RECEPTION

Dinner is on your own. Please enjoy the many restaurant options the District of Columbia offers

TUESDAY, OCTOBER 17, 2017

7:30 – 8:30 AM	BREAKFAST
8:30 AM – 8:45 AM	WELCOME
8:45 AM – 9:45AM	Understanding the Landscape – A Congressional Perspective
9:45 AM – 10:45AM	The Federal Budget: Understanding the Policy Behind the Numbers
10:45 AM – 11:00 AM	Break
11:00 AM – 11:45 AM	WORKFORCE OF THE FUTURE
11:45 AM – 12:30 PM	CYBERSECURITY
12 NOON – 12:15 PM	CLOSING REMARKS

DRAFT



AABE® | 2017
ENERGY POLICY
SUMMIT
MAKING ENERGY WORK FOR US

O C T O B E R 1 6 - 1 7

The National Press Club
529 14th St. NW
Washington, DC 200045

The Energy Summit convenes key stakeholders to give voice to people of color on energy policy issues. The summit provides valuable dialogue with policy leaders about economic opportunities and the impact on underserved populations.

S A V E T H E D A T E

DOI-BSEE-18-0492-A-000078

energy policy goals and objectives. This summit will bring together key stakeholders to discuss the economic and social impacts of energy policy on underserved communities.

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Felicia A. Kelly, Director

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Conversation Contents

Chevron's OEMS Brochure for BSEE Director Scott Angelle

Attachments:

/14. Chevron's OEMS Brochure for BSEE Director Scott Angelle/1.1 OEMS Overview Brochure.pdf

"Fury, Sandra (SFUR)" <SFury@chevron.com>

From: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Sent: Mon Aug 28 2017 09:03:55 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: Lars Herbst <lars.herbst@bsee.gov>, Eileen Angelico <eileen.angelico@bsee.gov>
Subject: Chevron's OEMS Brochure for BSEE Director Scott Angelle
Attachments: OEMS Overview Brochure.pdf

Scott,

Per your request, attached is a copy of a document that describes Chevron's Operational Excellence Management System (OEMS). Hope this is helpful to you.

We do appreciate the time you and your staff spent with Chevron's GOM leadership on Friday.

If I can be of further assistance, please advise.

Sandi

Sandi Fury
Regulatory Affairs Mgr

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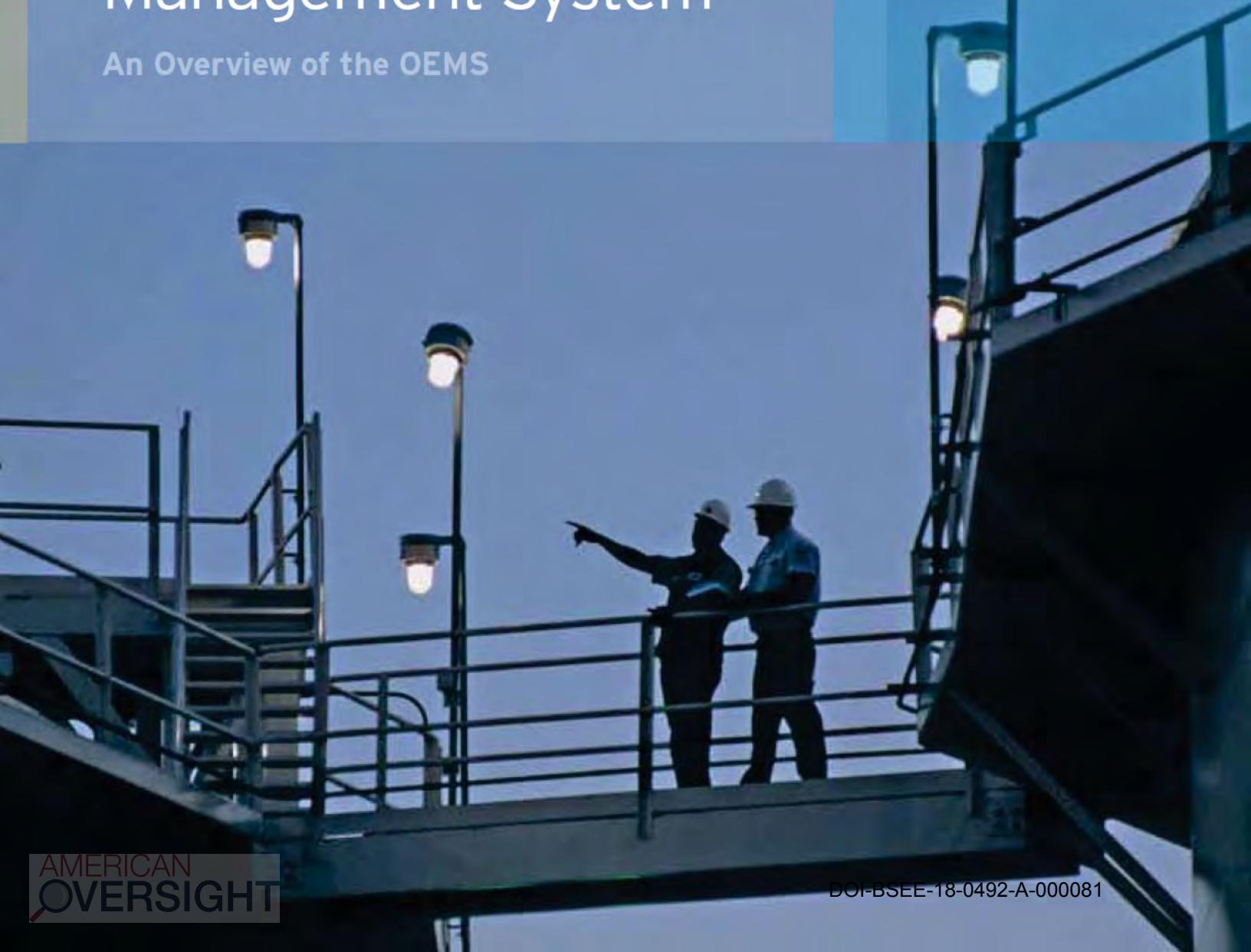
From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Mon Aug 28 2017 15:03:40 GMT-0600 (MDT)
To: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Subject: Re: Chevron's OEMS Brochure for BSEE Director Scott Angelle

Thanks!! Sent from my iPhone > On Aug 28, 2017, at 11:06 AM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: > > Scott, > > Per your request, attached is a copy of a document that describes Chevron's Operational Excellence Management System (OEMS). Hope this is helpful to you. > > We do appreciate the time you and your staff spent with Chevron's GOM leadership on Friday. > > If I can be of further assistance, please advise. > > Sandi > > Sandi Fury > Regulatory Affairs Mgr > Gulf of Mexico Business Units > Chevron North America Exploration and Production Company > (a Chevron U.S.A. Inc. Division) > 100 Northpark Blvd. > Covington, LA 70433 > Tel 985-773-6095 > Cell: 504-432-6794 > sfury@chevron.com > > > > > >



Operational Excellence Management System

An Overview of the OEMS



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Back Cover Tenets of Operation



Chairman's Message



John Watson
Chairman and CEO
of Chevron Corporation

Our Chevron Way values place the highest priority on the health and safety of our workforce and protection of our assets and the environment. The Operational Excellence Management System (OEMS) translates this priority into world-class performance, providing Chevron with a competitive advantage and driving business results.

The OEMS is a comprehensive, proven means for systematic management of process safety, personal safety & health, the environment, reliability and efficiency. Through disciplined application of the OEMS, we integrate OE processes, standards, procedures and behaviors into our daily operations.

The OEMS helps us identify and manage the risks we encounter in our global business operations. The system is effective because it requires leader-driven assessment of strengths and gaps, completion of risk-reducing actions, regular review of progress and continual improvement.

While leaders are responsible for managing the OEMS and enabling OE performance, every individual in Chevron's workforce is accountable for complying with the principles of "Do it safely or not at all" and "There is always time to do it right." Success depends on operational discipline from each of us in applying the Tenets of Operation to our daily decisions. We must recognize hazards, follow required practices and procedures and appropriately manage workplace changes. If necessary, every member of our workforce is authorized to exercise Stop-Work Authority.

I encourage you to study this manual. Keep it nearby. Refer to it often. It will guide us to perform every task, the right way, every time.

I am committed to meeting our OE Objectives. I ask you to join me. Together, we'll work safely, protect the environment, and operate reliably and efficiently as we provide energy the world requires for economic growth and human progress.

John

DOI-BSEE-18-0492-A-000082

Operational Excellence

Vision and Values

Our vision for operational excellence directly supports our corporate vision "to be the global energy company most admired for its people, partnership and performance." With respect to operational excellence, our vision is to be recognized and admired by industry and the communities in which we operate as world-class in process safety, personal safety & health, environment, reliability and efficiency.

Objectives

We will systematically manage OE in order to:

- Achieve an incident- and injury-free workplace.
- Promote a healthy workforce and mitigate significant workplace health risks.
- Identify and mitigate environmental and process safety risks.
- Operate with industry-leading asset integrity and reliability.
- Efficiently use natural resources and assets.

As a business and as a member of the world community, Chevron is committed to creating a superior value for our investors, customers, partners, host governments, local communities and our workforce. To succeed, we must deliver world-class performance exceeding the capabilities of our strongest competitors.

Operational excellence (OE) is a critical driver for business success and a key part of our enterprise execution strategy. Operational excellence is defined as "the systematic management of process safety, personal safety and health, environment, reliability and efficiency to achieve world-class performance."

To achieve and sustain world-class performance, we must develop strong capability in operational excellence throughout Chevron. This requires active leadership and the entire workforce to be engaged. We must develop a culture where everyone believes that all incidents are preventable and that "zero incidents" is achievable. With engaged and committed leadership, effective processes and an OE culture, we can achieve our objectives in operational excellence.

This document provides an overview of the Operational Excellence Management System (OEMS), our standard approach for achieving world-class performance. It includes general guidance for the implementation and operation of the OEMS. More detailed guidance can be found on the Operational Excellence website and within OE documentation, the Leader's Guide to the OEMS and in the online OE Certification modules.

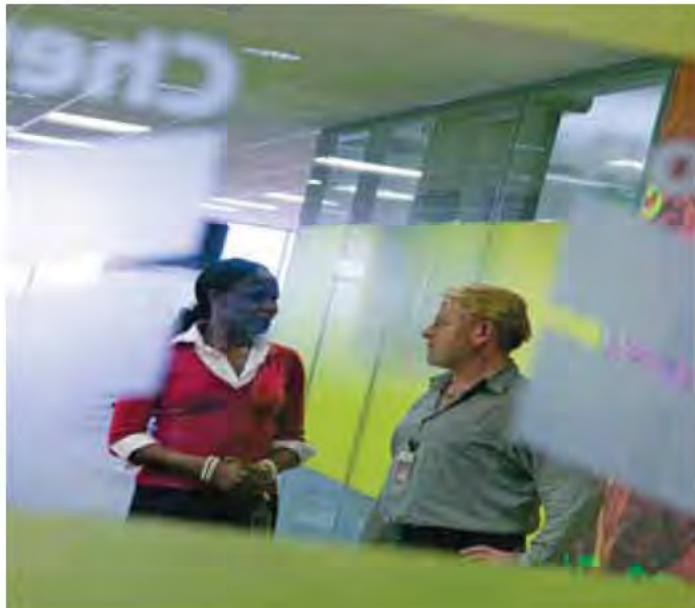
Operational excellence is the systematic management of process safety, personal safety and health, environment, reliability and efficiency to achieve world-class performance.



The Operational Excellence Management System (OEMS)

The Operational Excellence Management System consists of three parts:

Leadership Accountability
Management System Process
OE Expectations



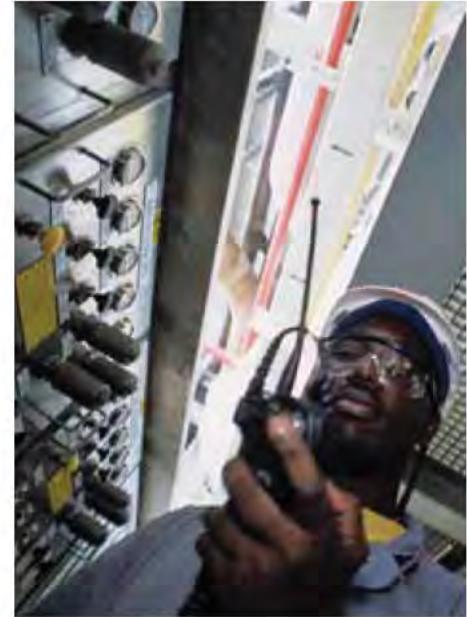
With operations spread across the globe, we can improve performance more quickly and sustain our results efficiently if all our businesses follow a standard approach to OE.

Our Standard Approach

The OEMS is Chevron's standard approach for achieving world-class performance. Using a standard approach to systematically identify and close performance gaps, we can continually improve our OE results.

Operational excellence is not something separate from our business; it is how we run our business to achieve our vision of success.

Using the OEMS, we effectively integrate OE objectives, plans, processes, standards and behaviors into our daily operations and protect people and the environment today and in the future.



Leadership Accountability

Leadership is the single largest factor for success in OE. Leaders establish the vision and set objectives that challenge the organization to achieve world-class results. They direct the Management System Process, setting priorities and monitoring progress on plans that focus on the highest-impact items. Leaders visibly demonstrate their commitment through personal engagement with the workforce and by showing concern for the health and safety of every individual. They demonstrate the same commitment to protecting the environment and process safety risk mitigation.

Management System Process

The Management System Process (MSP) is a systematic approach used to drive progress toward world-class performance. It is linked to the business planning process and begins with defining a vision of success and setting objectives. Gaps between current performance and these objectives are uncovered during the assessment phase. Plans are developed to close the gaps, the plan is implemented and a review of plan implementation and performance is completed.

OE Expectations

Corporate Expectations for Operational Excellence are detailed under 13 elements. The OE Expectations are met through processes and standards put in place by local management. Many of these expectations are supported by corporate and operating company OE processes and standards.

Leadership Accountability

The single largest factor for success in operational excellence is leadership. Leaders are focused not only on getting results but getting results the right way and behaving in accordance with our values. They are accountable for running the OEMS and enabling and delivering OE performance. By their actions, leaders cascade, manage and drive

execution; reinforce the OE culture; instill operational discipline and work to ensure that they and the entire workforce comply with OE requirements. Through personal example, they demonstrate that zero – whether related to safety, health, environmental, reliability or efficiency incidents – is attainable.

Running the OEMS

Executives and managers are accountable for running the OEMS. Leaders should determine which requirements and behaviors apply to their specific organizational roles and take action to integrate them into routine duties.

Lead, Align and Cascade OE

Executives and managers focus on establishing a vision and widely communicating world-class objectives, metrics and targets for their units. These are aligned with corporate OE objectives and cascaded to all levels. They work to help ensure that the OEMS processes and standards are put in place and functioning to satisfy all OE Expectations, and that resources, roles, responsibilities and accountabilities are fully aligned throughout the organization.

- Establish vision and objectives
- Discuss objectives, metrics and targets
- Review and support MSP outcomes
- Verify that a compliance process, tools and accountabilities are in place
- Reinforce OE performance

Lead the Management System Process

Executives and managers focus on personally directing the MSP for continual OE improvement and integrating operational excellence into business plans. They prioritize OE plans to focus on the highest-impact items in alignment with the vision and objectives. They provide resources and monitor progress on OE plans until a successful conclusion is reached.

- Understand potential risks
- Identify requirements
- Assess and audit for effectiveness
- Prioritize gaps
- Provide resources
- Direct implementation
- Review progress against plans
- Verify compliance

Executives and Managers Run the Management System

Lead, Align and Cascade OE
Lead the MSP

All Leaders Enable OE Performance
Reinforce Culture
Instill Operational Discipline

All Members of the Workforce Deliver OE Performance
Comply with Requirements

Enabling and Delivering OE Performance

All leaders, no matter what their organizational role, are accountable for enabling OE performance.

The entire workforce is accountable for delivering OE performance.

Reinforce OE Culture

All leaders demonstrate that operational excellence is a personal core value and show concern and caring for the health and safety of every individual. They are equally committed to process safety risk mitigation, environmental protection and achieving world-class reliability and efficiency. Leaders understand and role model the Tenets of Operation and behaviors necessary to build and sustain an OE culture. They continuously improve our OE culture by understanding the gaps and removing barriers to world-class OE performance.

- Role model behaviors and tenets
- Show concern for individuals and the environment
- Work to ensure open and effective communication
- Foster mutual trust
- Demonstrate process safety behaviors
- Understand and communicate hazards
- Work to ensure direct reports are trained and qualified
- Show support for OE processes
- Drive continual improvement of practices and procedures

Achieving Operational Discipline

Operational discipline means completing every task, the right way, every time. It is achieved through leaders who instill operational discipline and a workforce that complies with OE requirements. Leaders set expectations and monitor and shape behaviors. The entire workforce, including leaders, recognizes hazards and follows procedures, management of change and stop work authority appropriately.

Instill Operational Discipline

All leaders demonstrate operational discipline by shaping their own behaviors and directing, monitoring and shaping the behaviors of the workforce they support.

- Align OE values, systems, processes and behaviors. Leaders work to ensure the workforce has:
 - Information regarding what is required
 - Knowledge and skills
 - Necessary resources
 - Unwavering commitment to operational discipline
- Define and communicate expectations
- Monitor and verify adherence
- Coach to improve adherence
- Provide appropriate consequences
 - Specific and timely feedback linked to expectations
 - Significant focus on finding people doing things right
 - Negative consequences to stop or replace behaviors



Comply with OE Requirements

The workforce, including leaders, demonstrates compliance with OE requirements by always following required practices or procedures or employing appropriate means for deviating or stopping work as necessary.

- Follow required practices and procedures
- Use management of change processes for deviations
- Recognize potential hazards and unusual circumstances
- Maintain a healthy sense of vulnerability
- Observe co-worker behaviors and provide feedback
- Stop work when necessary
- Use the Tenets of Operation to guide daily decisions
- Modify personal behavior to prevent losses or incidents
- Report and investigate near misses, losses and incidents
- Ask questions, share and apply learning
- Improve and maintain competency

Management System Process

The Management System Process (MSP) is a systematic approach used to drive progress toward world class performance. The MSP is linked to the business planning process. Driven by leadership, the MSP is used to integrate OE objectives, plans and

activities into daily operations. The MSP helps the enterprise, operating companies and units establish OE priorities and plans, and it guides the development of measures to monitor progress toward world class results.

The Management System Process contains five steps:

Vision and Objectives

An OE vision is established, or validated, and specific objectives and measures for success are identified and cascaded to the workforce.

Organizations should:

- Develop an OE vision, world-class objectives, metrics and targets. These are based on the corporate objectives, benchmarking data and other critical business drivers.
- Set objectives for OEMS implementation and the development of processes to meet OEMS requirements.
- Cascade OE vision, objectives, metrics and targets to all levels of the organization.
- Consider appropriate adjustments to vision and objectives identified during the Review step.
- Adopt and cascade the Tenets of Operation to the workforce.

Assessment

A comprehensive OEMS Self Assessment is completed annually to identify gaps in OE processes, standards and performance against established objectives.

The leadership team is engaged in assessments and participates in prioritization of assessed gaps.

The highest-priority OE processes and standards are assessed annually, and a full assessment of all processes and standards is required at least every three years.

Organizations should:

- Assess risks and gaps against objectives in:
 - Leadership Accountability
 - Management System Process
 - OE Expectations and Processes
 - Facility risks and capability to achieve world-class performance
 - Workforce OE culture
- Prioritize assessed gaps based on risk and opportunity.
- Identify future risks that could prevent world-class performance.

The Management System Process



Planning

A three-year plan is developed to manage the prioritized gaps. Plans are incorporated directly into business plans, and accountabilities are assigned.

Organizations should:

- Develop OE metrics, targets and action plans with completion dates and milestones, and incorporate these into business plans.
- Identify and allocate resources to successfully complete the OE action plans.
- Communicate metrics, targets and action plans.
- Assign accountabilities, and develop necessary performance agreements.

Implementation

Planned actions are implemented along with other business plan activities. OE networks are engaged to share lessons learned and to seek out best practices and processes that can be adopted to achieve plan objectives.

Organizations should:

- Execute plans along with other business plan activities.
- Maintain contacts with OE networks to share lessons learned and to seek out best practices and processes that can be adopted to achieve plan objectives.
- Monitor plan progress and OE performance at least monthly, and adjust plans as necessary.
- Identify and manage new, unplanned actions not included in current business plans.

Review

An annual review of all OEMS activity is conducted to evaluate progress on performance and to identify necessary adjustments to plans to achieve world-class results.

Organizations should:

- Review progress against OE plans to determine whether they are effective and that performance is on track to achieve world-class levels.
- Evaluate the organization's Management System Process activity for improvement.
- Identify possible plan adjustments based on emerging issues and changing business conditions.
- Consider results of external reviews. External reviews include peer assists as well as corporate audits conducted every three to five years.



Achieving World-Class Performance

Success in operational excellence requires discipline in both the planning and execution of work necessary to manage safety, health, environment, reliability and efficiency with world-class results.

The MSP is a systematic approach used to drive progress toward world-class performance and integrate operational excellence into business plans. The MSP also provides a systematic means to manage and administer the many processes and standards a unit has in place for operational excellence. Driven by leadership, the MSP is used to establish or validate the OE vision and set objectives and targets for world-class performance. Using risk-based assessment and prioritization processes, gaps to achieving world-class results are identified. Plans to close gaps are incorporated into the three-year business plan, implemented and monitored to a successful conclusion. OE processes and standards necessary to meet OEMS requirements are identified, developed, implemented and continually improved as fit for purpose. Annually, overall OE performance and progress are reviewed and necessary plan adjustments are made.

OE Expectations

OE Expectations are organized under 13 elements and spell out specific requirements for the management of safety, health, environment, reliability and efficiency. The OE Expectations are met through processes and standards put in place by local management. Standards specify requirements to satisfy OE Expectations. In addition to specifying requirements, processes also specify a systematic approach regarding how to manage the requirements. (See sidebar entitled, "The Process Approach," on the following page.)

Leaders are responsible for ensuring that processes and standards are established and working effectively to satisfy all expectations. Several expectations are supported by Chevron corporate required processes or standards and/or operating company required processes or standards. A current list of corporate required processes and standards is available on the Operational Excellence website.

Element 1: Security of Personnel and Assets

Provide a physical and cyber security environment in which business operations may be successfully conducted.

- 1.1** A process is in place to actively engage the workforce in security awareness and vigilance to the security environment.
- 1.2** Risk-based security management plans are developed, implemented and maintained to address potential security threats to the business.
- 1.3** A process is in place to integrate security management plans with related plans for emergency management, business continuity and information protection.



Element 2: Facilities Design and Construction

Design and construct facilities to prevent injury, illness and incidents and to operate reliably and efficiently and in an environmentally sound manner.

- 2.1** The Chevron Project Development and Execution Process (CPDEP), applicable tools and sub-processes – such as Project Execution Planning, Project Assurance, Operations Assurance, Systems Completion and Turnover Process, Decision Analysis and technical codes and standards – are used to reliably and consistently incorporate OEMS requirements in the design and construction of all new and modified facilities.
- 2.2** Consider reliability, operability, maintainability and total life-cycle cost trade-offs in making incremental capital investment decisions. This trade-off analysis should use the criteria found in the Corporate Investment Analysis Manual.
- 2.3** A process is in place to comprehensively assess and evaluate safety, health, and environmental, asset integrity and reliability risks; potential business and community impacts; and to develop associated mitigation plans for new and modified facilities. Assessments conducted in early project phases shall be re-evaluated during final detailed design to determine whether mitigation plans have been implemented.
- 2.4** Conduct pre-startup reviews on all new, modified or previously idled facilities prior to startup and after shutdown to confirm they meet applicable regulatory and corporate requirements. Pre-startup reviews may include a Pre-Startup Safety Review (PSSR) and an Operational Readiness Review (ORR).

Element 3: Safe Operations

Operate and maintain facilities to prevent injuries, illness and incidents.

3.1 An HES risk management process is in place to periodically identify, assess and mitigate the safety and health risks related to facility operations and modifications.

3.2 A comprehensive safety program is in place for each location.

Core elements of the program shall include:

- Written safe work practices. Safe work practices may include: permit to work, hot work, confined space entry, equipment isolation (lockout/tagout), opening equipment, excavation, working at heights, electrical work, simultaneous operations (SIMOPS), bypassing critical protections, lifting and rigging, and other applicable practices identified through risk assessment of local operations.
- A written job or task safety analysis process (JSA) to identify, eliminate or mitigate potential hazards prior to conducting work.
- Stop-work authority.
- A repetitive stress injury (RSI) prevention process.
- A comprehensive road safety management process to minimize risk and promote motor vehicle safety.
- A hazardous materials communication (HAZCOM) process to manage and communicate hazards.
- A behavior-based safety process to provide for observation and commentary on worker behaviors, tracking and analysis of observations, and a process for identifying and implementing actions for improvement.

3.3 An occupational health program is in place for each location.

Core elements shall include:

- Occupational hygiene and medical surveillance processes appropriate for the location that include procedures for identification and control of workplace exposures, including infectious disease, and ongoing monitoring and surveillance of affected personnel.
- A process to determine whether members of the workforce are safely able to perform the essential physical, psychological and cognitive requirements of their job without risk to self, others or the environment and are not impaired by drugs, alcohol, disabling medical conditions or fatigue.
- A health education process to reinforce personal and facility hygiene to control workplace exposure and transmission of infectious diseases.

3.4 A process is in place to develop and maintain operating and maintenance procedures and process safety information. The process shall help ensure that documents, procedures, records and other information are accurate, reflective of current operating practices and accessible to appropriate members of the workforce. Procedures for document control, including confidentiality and retention, shall also be included.

3.5 A process is in place to enable the workforce to develop the skills and knowledge to perform their jobs competently, in a manner to prevent incidents, and in compliance with all applicable laws, regulations, company policies and requirements.

The process shall include:

- Identification of training needs for leaders, supervisors and other members of the workforce.
- Initial, ongoing and regular refresher training.
- Worker awareness of their roles and responsibilities in achieving conformity with the requirements of the OEMS and the potential consequences of departing from specific procedures.
- Documentation and assessment of training effectiveness.

The Process Approach

Well-designed and effectively implemented processes and standards are necessary to deliver world-class results in operational excellence. Where a systematic approach for managing requirements is appropriate, each unit identifies, develops, implements and continually improves OE processes as necessary to meet the requirements of the OEMS.

For processes to be effective, they must be documented and must incorporate in their design and operation the following five-component model:

- Purpose, Scope and Objectives - defines the process boundaries and interfaces with other processes along with purpose and expected results.
- Procedures - describes the steps necessary to be performed and how they are to be accomplished.
- Resources, Roles and Responsibilities - defines who is responsible for doing the work and for administering and maintaining the process.
- Measurement and Verification - confirms that the objectives and results are being achieved and that the critical components of the process are adequately designed and are being executed.
- Continual Improvement - uses measurement and verification results and other input to evaluate how to improve the process and helps ensure actions are taken to improve process design and effectiveness.

The design and rigor of each process should be based on the risks associated with the unit's unique operations. A complex operation with many possible hazards or an operation in a sensitive environment might have a more rigorous process in place than a less complex operation in another location.

Corporate OE Audits include an assessment of both the design and effectiveness of processes that a unit has in place to meet the OEMS requirements. Audit teams assess each organization's processes independently and rate each process after evaluating local risks.

Note: For the OE Expectations section of the OEMS Overview, the term "process" loosely refers to suitable mitigation at the appropriate level of the corporation. To satisfy one or more expectations, a process, standard or tool may exist at the enterprise, segment, operating company or unit level.

OE Expectations



Element 4: Management of Change

Manage both permanent and temporary changes to prevent incidents.

4.1 A process is in place to manage changes to facilities, operations, products or the organization. The management of change process shall address:

- Both permanent and temporary changes.
- Authority for approving changes.
- Evaluation of health and safety hazards, environmental impacts and mitigation.
- Communication of the change.
- Training of all personnel impacted by the changes to facilities, operations, products or the organization.
- Updates to and maintenance of critical OE documentation.

Element 5: Reliability and Efficiency

Reliability

Operate and maintain wells and facilities to ensure asset integrity and prevent incidents.

5.1 A process (Reliability Opportunity Identification [ROI] or other applicable process) is in place to identify and resolve the significant few facility and business unit-wide equipment, work process and human reliability opportunities that cause significant incidents or performance gaps. Failure analysis is used to determine causes of failures, and actions are taken to resolve these causes.

5.2 A process is in place to identify critical structures, equipment and work processes. Possible failure modes and effects are analyzed, and steps are taken to prevent the failure or mitigate the effects.

5.3 A process is in place to establish and use standardized equipment operation and surveillance duties for all critical structures, equipment and protection devices to ensure they operate properly.

5.4 A process is in place for condition monitoring (or time-based inspection and testing) to monitor and ensure mechanical integrity of all critical structures, equipment and protection devices.

5.5 A process is in place to prioritize, plan, schedule and complete necessary maintenance for all structures, equipment and protective devices. The process shall include:

- Proactive maintenance of equipment and protection devices through the use of surveillance and condition monitoring results.
- A structured, project planning approach for facility shut-ins, turnarounds and significant maintenance projects to reduce downtime and help ensure efficient use of resources.
- Prioritization, planning and scheduling to manage work on all structures, equipment and protective devices.

5.6 A process is in place to identify and resolve other repetitive or recurring failures, to improve reliability and to reduce maintenance costs.

5.7 A process is in place to manage the integrity and reliability of wells. The process shall include:

- Identification of critical wells or well types. Possible failure modes and effects are analyzed and steps are taken to prevent failures or mitigate failure effects for critical wells or well types.
- Standardized operation and surveillance duties for critical wells or well types.
- Use of surveillance, performance data and analysis to assess current well performance against expected well potential to identify and evaluate opportunities for improvement.
- Condition monitoring to ensure mechanical integrity of all critical wells or well types.
- Proactive maintenance programs using available surveillance and condition monitoring results to correct abnormal conditions.
- Prioritization, planning and scheduling of well work.



Efficiency

Maximize efficiency of operations and conserve natural resources.

5.8 A process is in place to optimize operational processes and improve profitability through the efficient use of people, time and assets.

5.9 A process is in place to track and improve energy efficiency while reducing emissions (including greenhouse gases) per unit of production.

5.10 A process is in place to maintain inventories and plans for conservation of natural resources and for reducing use of raw materials by each facility and each process.

- Active engagement of contractors in implementing and improving the CHESM program.
- A contractor qualification and selection process which addresses HES performance.
- Pre-job and work-in-progress activities to verify scope of work, reinforce expectations and monitor compliance to requirements.
- A mitigation plan for contractors and subcontractors with poor HES processes or performance.
- Identification, effective management and control of short service employees.
- Periodic evaluation of contractor HES performance and assessment of the CHESM program.

Element 7: Environmental Stewardship

Strive to continually improve environmental performance and reduce impacts from our operations.

7.1 A process is in place to inventory all emissions, releases and wastes and to identify natural resources impacted by operations. (Natural resources include air, surface water, ground water, soil and geologic resources, and biological diversity.) The inventory should include possible sources of unplanned releases and sources of potential contamination caused by past practices.

7.2 Processes are in place to identify, assess, mitigate and manage potentially significant risks and impacts to human health and the environment (including natural resources) associated with existing operations and capital projects, including emissions, releases and wastes.

7.3 A property transfer process is in place to identify and manage potential safety, health or environmental liabilities before transaction. The process shall include:

- Assessment of risk for identified liabilities.
- Management of risks based on current and likely future uses of the property and potential changes in applicable law.

7.4 A third-party waste stewardship process is in place to identify external waste management sites suitable for use.



Element 6: Third-Party Services

Systematically improve third-party service performance through conformance to Operational Excellence.

6.1 A process is in place to determine whether third-party service suppliers, including their subcontractors, perform to safety, health, environment and reliability requirements consistent with those required of company employees when working on company property and when providing services for the company off company property in operational control.

6.2 A Contractor Health, Environment and Safety Management (CHESM) process is in place that clearly establishes accountabilities to include:

- Identification of company contract "owners" (or management sponsors) accountable for each contract.

OE Expectations



Element 8: Product Stewardship

Manage potential health, environmental, safety (HES) and integrity risks of our products throughout a product's life cycle.

8.1 A process is in place to maintain and communicate information on potential hazards and exposures from products from conception and development through acquisition, manufacture, distribution, storage, use, recycling, potential release and disposal.

8.2 A process is in place to identify, assess and manage significant HES and integrity risks across the life cycle (manufacturing, storage, distribution, transportation, use, recycling, potential release and disposal) of each existing product, byproduct, intermediate, or process stream. The process should include provisions for periodic re-evaluation as appropriate.

8.3 A process is in place to identify, assess and manage HES and product integrity impacts of manufacturing, distribution, storage, use, recycling, potential release and disposal when developing, formulating or altering products, byproducts and process intermediates. Assessment should be conducted early in each product's or project's development and for any changes in the product life cycle that may potentially alter the product.

8.4 A process is in place to identify, assess and manage risks posed through storage, handling, transportation and distribution of company products, materials and other commercial goods. Implement appropriate product quality control processes and product integrity risk-reduction measures.

8.5 Promote product stewardship practices with third parties, including suppliers, distributors, transporters, customers and other direct product recipients.



Element 9: Incident Investigation

Investigate and identify root causes of incidents to reduce or eliminate systemic causes and to prevent future incidents.

9.1 A process is in place to report, record and investigate incidents and near misses and correct any deficiencies found. The process shall include:

- Management roles and responsibilities in incident investigation.
- Root cause analysis for significant events and near misses.
- Annual evaluation of incident cause trends to determine where improvements in systems, processes, practices or procedures are warranted.
- Sharing of relevant lessons learned.
- Procedures for follow-up and closure of actions taken to resolve deficiencies.

Element 10: Community and Stakeholder Engagement

Reach out to the community and the workforce to engage in open dialogue to build trust and long-term positive relationships.

10.1 A process is in place to systematically identify stakeholders and plan and execute engagement that promotes mutual understanding about projects, operations, facilities and products.

10.2 Foster ongoing two-way engagement with communities, nongovernmental organizations, government and regulatory authorities and other appropriate stakeholders to address potential security, safety, health, environmental, supply chain, social and other concerns.

10.3 Foster ongoing two-way engagement with the workforce to enable active participation in the design, development, implementation and continual improvement of aspects of the OEMS that relate to their work.



Element 11: Emergency Management

Prevention is the first priority, but be prepared to respond immediately and effectively to all emergencies involving Chevron wholly owned or operated assets. For company products or interests such as common carriers, chartered vessels and facilities operated by others, be prepared to monitor the response and, if warranted, take appropriate actions.

11.1 Maintain a procedure consistent with corporate guidelines that results in prompt notification of management of significant health, environmental and safety incidents.

11.2 Maintain an emergency response plan that describes how emergencies will be managed and with what resources. Plans should address all credible and significant risks identified by site-specific risk and impact assessments.

11.3 Emergency response plans shall be:

- Documented in appropriate detail.
- Integrated with relevant business continuity and crisis management plans.
- Reinforced through establishment of a training program and an annual exercise program to train the emergency response team and to test the plan.
- Readily available to appropriate onsite personnel.
- Communicated to employees, onsite third-party service providers, joint-venture partners and appropriate government authorities and stakeholders.
- Reviewed and, where necessary, revised - in particular, after the occurrence of accidents or emergency situations.

11.4 Develop and implement a business continuity plan that addresses continuity or timely recovery of critical business processes and operations. Even if there are no critical processes or operations, develop and implement an emergency employee communication plan to account for employees after a disruptive event.

Element 12: Compliance Assurance

Verify conformance with OE requirements in applicable company policy and government laws and regulations. Train the workforce regarding their OE-related responsibilities.

12.1 A process is in place to:

- Identify and record applicable legal requirements, other compliance requirements and OE-related policies.
- Make sure that the workforce understands and complies with identified requirements.
- Develop, prioritize and implement programs of control.

12.2 In addition to the corporate-level OE Audit program, put in place comprehensive internal OE audit programs within units to verify compliance with applicable OE-related legal requirements, company policies and standards that assess compliance with the spirit and letter of applicable laws and regulations, and policies regardless of the degree of enforcement.

12.3 A process is in place that encourages the workforce to freely report existing or potential violations of law or company policy, without fear of retribution or any adverse company action because of his or her report. Processes must include an appropriate and timely investigation to address the report. Allowance must be made for anonymous reporting.

12.4 A process is in place to identify and report significant non-compliance issues and root causes to management in a timely manner and track corrective actions to closure.

Element 13: Legislative and Regulatory Advocacy

Work ethically and constructively to influence proposed laws and regulations, and debate on emerging issues.

13.1 A process is in place to identify, track, and comment on proposed legislation, regulations and emerging policy issues.

Navigating the OEMS

- OE processes and standards are grouped around five areas of focus.
- Executing processes and standards drives compliance with OE Expectations.
- Complying with OE Expectations drives achievement of OE Objectives.
- Achieving OE Objectives drives attainment of the OE Vision.

Defining Areas of Focus:

Process Safety

Appropriately designing, constructing, operating and maintaining facilities that process or handle potentially hazardous materials or energy; to prevent releases of flammable or toxic fluids or energy.

Personal Safety & Health

Eliminating personal safety and health hazards to prevent or mitigate injuries, illness and fatalities.

Environmental Stewardship

Continually improving environmental performance and reducing impacts from operations.

Reliability

Operating and maintaining wells and facilities to ensure asset integrity and prevent incidents.

Efficiency

Maximizing efficiency of operations and conserving natural resources.



The areas of focus link to multiple objectives and are united by the OE governance structure, Management System Process and leader behaviors.

OE Processes and Standards

Typically Associated with OE Areas of Focus

Apply to All OE Areas of Focus

- Operating Procedures
- Competency Management
- Management of Change
- Incident Investigation
- Compliance Assurance
- Leadership Accountability
- Management System Process

Key

- Apply to All OE Areas of Focus
- Apply to HES Areas of Focus
- Apply primarily to the specified OE Area of Focus

Apply to HES Areas of Focus

- Risk Management
- Managing Safe Work
- Contractor HES Management
- Product Stewardship
- Community and Stakeholder Engagement
- Emergency Management
- Legislative and Regulatory Advocacy

Process Safety

- Operational readiness and Pre-Startup Safety Review
- Technical Codes and Standards
- Process Safety Information
- Asset Integrity

Personal Safety & Health

- Workforce Security
- Safety in Design
- RSI Prevention
- Motor Vehicle Safety
- Behavior-Based Safety
- Fitness for Duty
- Occupational Hygiene

Reliability

- Reliability Opportunity Identification and Resolution
- Equipment Criticality Assessment
- Surveillance
- Condition Monitoring
- Work Management
- Resolution of Recurring Failures

Environmental Stewardship

- Environmental, Social and Health Impact Assessment
- Property Transfer
- Third-Party Waste Stewardship

Efficiency

- Capital Project Energy Optimization VIP
- Facility/Equipment Optimization Practices
- Efficiency Opportunity Identification

OE Governance

OE is governed by leaders representing multiple stakeholder groups across the enterprise.

Driven by leadership behaviors and a defined structure, methodology, set of procedures and activities, leaders shape OE policy and run the OEMS at the enterprise, segment, operating company and unit levels.

Key OE governance roles include:

Role	Description	Key Activities
Chevron Board of Directors	Elected by stockholders, the ultimate decision-making body of the Corporation except with respect to those matters reserved to the stockholders.	<ul style="list-style-type: none"> Monitor and oversee: <ul style="list-style-type: none"> Overall corporate performance Integrity of the Corporation's controls Effectiveness of legal compliance programs Strategic and business planning process The Corporation's risk assessment and risk management policies and practices
Executive Leadership	Senior leaders responsible for carrying out company strategies and policies in managing Chevron's business.	<ul style="list-style-type: none"> Develop and promote understanding of corporatewide strategies, policies, processes and standards. Verify alignment of strategies, policies, processes and standards. Demonstrate accountability for meeting critical business plan performance measures.
Corporate OE Governance Board	Members include the corporate VP HES and Management Committee line representatives from major operating companies.	<ul style="list-style-type: none"> Assess overall health of OE through Corporate HES and Reliability & Efficiency Steering Committees. Endorse: <ul style="list-style-type: none"> High-level strategy and policy changes Enterprise MSP priorities and business plan Corporate OE business plan guidance Corporate required processes and standards
Corporate HES and Reliability & Efficiency Steering Committees	Led by the corporate VP HES, members are OE functional leaders representing the collective view of their operating company or organization.	<ul style="list-style-type: none"> Operate enterprise MSP: <ul style="list-style-type: none"> Conduct enterprise OE assessments that integrate operating company and unit data and perspectives. Prioritize actions based on known risks, and evaluate potential future risks. Recommend guidelines, plans and actions. Evaluate progress of plans, and sponsor corrective actions as necessary. Review MSP activities, and identify emerging issues for subsequent MSP cycles.
Operating Company and Unit Leadership Teams	Includes OE, functional and operational leadership teams at the segment, operating company and unit levels.	<ul style="list-style-type: none"> Conduct governance and MSP operation roles at the segment, operating company and unit levels. (analogous to roles above) Provide operating company and unit data and perspectives for inclusion in the enterprise MSP. Integrate enterprise priorities into business plans as appropriate.
Centers of Excellence and Communities of Practice	Provide resources, support and subject matter expertise to drive success of specific processes or standards.	<ul style="list-style-type: none"> Develop and maintain OE processes and standards. Develop audit protocols, guidance documents and gap assessment tools, and recommend changes or additions to processes and standards. Provide technical support for HES, reliability and efficiency improvements. Share and leverage practices and learning.
OE Sponsors	Provide resources and support to drive success of a specific OE process or standard.	<ul style="list-style-type: none"> Serve as the advocate of the process or standard to help ensure that it is accorded the appropriate priority and receives funding, personnel and other resources. Ensure process or standard effectiveness and efficiency are measured and verified at appropriate intervals. Accountable for progress on continual improvement plans. Coordinate with other OE Sponsors, and link with business plan.
OE Advisors	Provide subject matter expertise for a specific OE process or standard.	<ul style="list-style-type: none"> Coordinate and lead efforts regarding the process or standard. Ensure that process or standard documentation and records are kept current. Coordinate or support measurement and verification. Conduct performance reporting and trend analysis, as appropriate. Develop and implement continual improvement plans, as appropriate. Maintain contact with the sponsor, other advisors, appropriate centers of excellence and communities of practice, and end users.

OEMS Implementation and Compliance Assurance

OE Compliance Assurance

Reporting units have developed implementation plans approved by their reporting officer and the Vice President of Corporate HES to manage the transition from existing OE compliance assurance processes to the OE Compliance Assurance Corporate Required Process. The OE Compliance Assurance Corporate Required Process applies to both legal and policy OE requirements.

Process Requirements

Key Process requirements are contained in a four-step workflow. Refer to the OE Compliance Assurance website for the complete and current process requirement detail.

Step 1. Identify applicable OE Requirements (such as HES legal requirements, OEMS Expectations, and corporate and opco process requirements). The requirements must be documented in registers that are independently validated at least every three years. Units may complete this step in the most efficient manner for their business. It is recommended that higher risk requirements are identified initially to enable more timely implementation of the remaining workflow steps.

Step 2. Identify and implement controls to make sure that OE requirements are met. Controls may include automated systems or compliance tasks assigned through work order systems, checklists or other methods.

Step 3. Assess and verify compliance with OE requirements. In addition to the Corporate OE Audit program, a second more comprehensive internal audit program must be in place to verify that controls are effective.

Step 4. Address identified instances of potential noncompliance. Instances of potential noncompliance must be reported in a timely fashion and corrective actions tracked to closure. A program must be in place for anonymous reporting, which protects individuals from retribution and provides for timely follow-up of allegations.



Corporate OE Audit Program

Corporate OE Audits play an integral part in OEMS implementation and OE compliance assurance. They provide an independent inspection of OE processes, standards and regulatory requirements associated with prioritized HES focus areas to assist in preventing and detecting compliance violations. They help unit operations verify the effectiveness of their OE compliance program and also communicate this status to executive leadership. The audits also provide feedback to unit leadership on their efforts to sustain and build a culture that encourages organizational commitment to policy and regulatory compliance.

OE Audit Team Staffing

Corporate OE Audits are conducted through the coordination and oversight of the OE Audit group that reports independently to the Vice President of Corporate HES. Team members are selected and assigned to audits based on their subject matter expertise in OE processes and standards and their independence from the unit being audited.

The OE Audit Process

The Corporate OE Audit process is documented in a five-component model and available through the OE Audit group website. The process contains four procedures: Long Term Audit Planning, Pre-Audit Planning, Audit Execution (onsite), and Post-Audit Follow-up.

Action Plan Tracking and Validation

OE Audits use the Audit Tracking System (ATS) to help ensure timely and effective closure of unit action plans in response to corporate OE Audit findings. Units submit action plans via ATS for approval by the opco president. Units complete the required progress updates in ATS each year by July 1 and January 1 until action plans are closed. The OE Audit group provides analysis of action plan progress and conducts independent validation and verification of OE Audit action plan closure.



Tenets of Operation

To achieve and sustain our objectives, we must develop a culture where everyone believes all incidents and operating disruptions are preventable and that "zero incidents" is possible.

Tenets are a code of conduct used by the workforce as a tool to guide daily decisions. Leaders play an important role in setting expectations and reinforcing behaviors consistent with the tenets. The Tenets of Operation are based on two key principles:

1. Do it safely or not at all.

2. There is always time to do it right.

Each organization will deploy the Tenets of Operation to provide a foundation for establishing a culture of operational excellence at Chevron.

Always:

1. Operate within design and environmental limits.
2. Operate in a safe and controlled condition.
3. Ensure safety devices are in place and functioning.
4. Follow safe work practices and procedures.
5. Meet or exceed customer's requirements.
6. Maintain integrity of dedicated systems.
7. Comply with all applicable rules and regulations.
8. Address abnormal conditions.
9. Follow written procedures for high-risk or unusual situations.
10. Involve the right people in decisions that affect procedures and equipment.



Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
www.chevron.com

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CBRES IDC 82362 10/10

912-0929 (10-10)

Conversation Contents

FW: Updated Presentation

Attachments:

/15. FW: Updated Presentation/1.1 Trioka Planning.pptx

Matt McCarroll <MattM@fwellc.com>

From: Matt McCarroll <MattM@fwellc.com>
Sent: Fri Aug 04 2017 18:45:14 GMT-0600 (MDT)
To: "Scott Angelle (scott.angelle@bsee.gov)" <scott.angelle@bsee.gov>
Subject: FW: Updated Presentation
Attachments: Trioka Planning.pptx

Scott

I am sure you are going to receive this from your Regional Staff but wanted to forward it to you directly as well. We are working very closely with Lars, Brian and others at BSEE and all believe that we are doing all that is required to address this situation which is not a well control event and will hopefully never get to that point. We are prepared for contingency plans and clearly understand the risks but don't want to over react and create a bigger problem. As I have told you, we have the best resources available working together on this including the team at Marathon Oil who is our 50% partner in this well.

Please do not hesitate to call me if you have any questions or concerns or if you need us to talk directly to anyone else .

Thank you for your support

Matt McCarroll
President & CEO
Fieldwood Energy LLC
2000 West Sam Houston Pkwy
Suite 1200
Houston, TX 77042
713-969-1015 (O)
713-385-0340 (C)

From: John Seeger
Sent: Friday, August 04, 2017 7:27 PM
To: Lars.Herbst@bsee.gov; Bryan Domangue; Michael Saucier
Cc: Matt McCarroll
Subject: Updated Presentation

As discussed:

Thanks, John

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Fri Aug 04 2017 19:14:35 GMT-0600 (MDT)
To: Matt McCarroll <MattM@fwellc.com>
Subject: Re: Updated Presentation

Thanks for this information. I am available should you need. Currently in the office reviewing reports and will be here tomorrow. Do no hesitate to call or email

Sent from my iPhone

On Aug 4, 2017, at 8:46 PM, Matt McCarroll <MattM@fwellc.com> wrote:

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As discussed:

DOI-BSEE-18-0492-A-000102

Thanks, John

<Trioka Planning.pptx>

Matt McCarroll <MattM@fwellc.com>

From: Matt McCarroll <MattM@fwellc.com>
Sent: Fri Aug 04 2017 19:18:50 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: RE: Updated Presentation

Same here. I am confident that we have the right people, and resources working on this and will achieve a good solution

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Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Sat Aug 05 2017 11:25:55 GMT-0600 (MDT)
To: thomas.lillie@bsee.gov
Subject: Fwd: Updated Presentation

Sent from my iPhone

Begin forwarded message:

From: Matt McCarroll <MattM@fwellc.com>
Date: August 4, 2017 at 9:18:50 PM EDT
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: RE: Updated Presentation

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<Trioka Planning.pptx>

"Trosclair, Troy" <troy.trosclair@bsee.gov>

From: "Trosclair, Troy" <troy.trosclair@bsee.gov>
Sent: Fri Aug 11 2017 08:51:14 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>, Thomas Lillie <Thomas.Lillie@bsee.gov>
Subject: Fwd: Updated Presentation

fyi

----- Forwarded message -----

From: **Bryan Domangue** <bryan.domangue@bsee.gov>
Date: Thu, Aug 10, 2017 at 6:38 PM
Subject: Re: Updated Presentation
To: John Seeger <JSeeger@fwellc.com>
Cc: lars.herbst@bsee.gov, michael.prendergast@bsee.gov, Troy.Trosclair@bsee.gov, Bobby Nelson <bobby.nelson@bsee.gov>

John,

After internal BSEE discussions tonight, we know what the primary option is for the remediation of the ongoing annulus pressure build up in the Troika TA-3 well. What, if any, contingencies has Fieldwood considered should this primary intervention option be delayed.

Please refer to the thresholds page of Fieldwood's presentation.

The statement:

"Trend building towards maximum allowable of 11,242 psi before intervention can be mobilized = bleed down"

Define: "Trend building towards", meaning what data set? Last 3 days, or last 48 hours, or etc...?

Define: "before intervention can be mobilized". Meaning what ?, equipment in route, or equipment in field, or equipment splashed, or equipment latched up, etc....???

At what pressure will Fieldwood place full time ROV monitoring on the well?

Has Fieldwood considered contingencies for either observing external leakage at the wellhead/tree or no leakage but a sudden loss of pressure.

Sent from my iPad
Bryan A. Domangue
Acting Regional Supervisor
Regional Field Operations
(504) 736-2401

On Aug 4, 2017, at 7:28 PM, John Seeger <JSeeger@fwellc.com> wrote:

As discussed:

Thanks, John

<Trioka Planning.pptx>

--
Troy Trosclair
Deputy Regional Supervisor
District Field Operations
BSEE GOMR

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Fri Aug 11 2017 09:05:17 GMT-0600 (MDT)
To: preston.beard@bsee.gov
Subject: Fwd: Updated Presentation

Sent from my iPhone

Begin forwarded message:

From: "Trosclair, Troy" <troy.trosclair@bsee.gov>
Date: August 11, 2017 at 10:51:14 AM EDT
To: Scott Angelle <scott.angelle@bsee.gov>, Thomas Lillie <Thomas.Lillie@bsee.gov>
Subject: Fwd: Updated Presentation

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Bobby Nelson <bobby.nelson@bsee.gov>

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Deputy Regional Supervisor
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BSEE GOMR



Trioka – Intervention Planning and Trigger Points

Strictly Confidential – Do Not Distribute



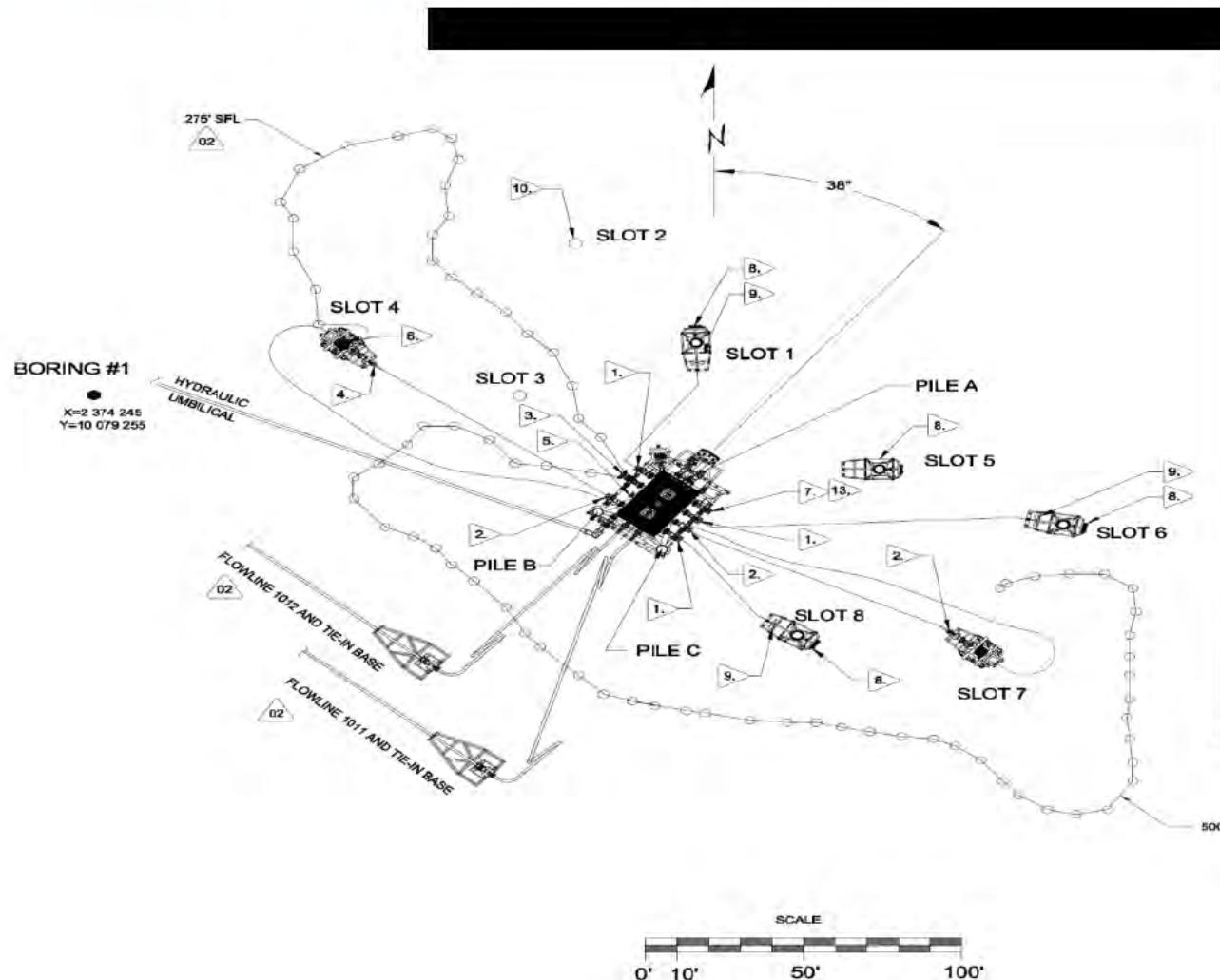
TA – 3 History

- Shut-In 2009
 - Cumulative Production
 - 49,539 MBO
 - 93 BCF
 - 1,186 MBW
- Shut-in due to high water cut
- Well being preserved for future sidetrack into another block and reservoir
 - “Orlov” Prospect – Planning to drill in 2018
 - New tree and umbilical will be installed in conjunction with a successful well

Activity To-Date

- Surveyed Trioka subsea wells and subsea infrastructure with ROV = no leaks identified
 - Sheen observed in the area was verified to not be coming from any well or subsea infrastructure associated with the TA3
 - Sheen is believed to be coming from natural seepage that has been previously documented in the area
- Subsea tooling to reenter the wellbore is being worked on 24/7
- Intervention Vessel is being contracted; expect to sign contract on 8/4 or 5
 - Vessel mobilization is dependent on subsea tooling being readied
- While the casing pressure is concerning, the structural design and subsea tree is designed to holdback pressure greater than what we see now and when the well was drilled
- BSEE Team and Fieldwood Project Team are working very close and positively
 - BSEE Engineer has been in-house at Fieldwood providing critical feedback and oversight

General Arrangement - Trioka



Wellbore Schematic

RTE = 84' AMSL (GA1)
 RT To TbgHqr = 2749'
 Water Depth = 2672'
 RTE to ML = 2756'

4" x 2" Tubing hanger
 3.813" ID SRP Profile in Prod. Bore
 1.710" ID SRP Profile in Ann Bore
 5 top ports: 2-SCSSV, 2-Cl, 1-TEC
 7 bot ports: 2-SCSSV, 4-Cl, 1-TEC
Bottom control line filters: 10 micron OLE filters below TH ea line

5.715' 4.5" Chemical Inj. Mandrel, 3.75" drift, two 9/16" lines (2,959' BML)
 5.797' 4.5" Chemical Inj. Mandrel, 3.75" drift, two 9/16" lines (3,041' BML)
 5.906' 4.5" dome charged SCSSV, 10ksi WP, TRC-DH-10-LO Dual hydraulics with 3,688" RPT NoGo, 3.75" drift (3,150' BML)

Tubing String:
 5.5" 17# S13Cr95 Fox K 4.892" ID (2752-4479')
 5.5" 17# S13Cr85 Fox K 4.892" ID (4479-13834')
 4.5" 13.5# 13Cr85 Fox K, 3.920" ID (13834-16449)

13,834' 4.5" x 5.5" tubing crossover

13,896' RPT Profile 3.562" ID

13,970' Permanent Downhole Pressure Gauge/Flowmeter, 3.25" mandrel drift, 2.1" venturi throat ID: 3.437" Petroline Profile; Cable Protectors Every Coupling; Encapsulated Incoloy 825 Cable **12,838' TVD**

16,264' Bottom Permanent Downhole Pressure Gauge Mandrel with 1 gauge, 3.515" drift **14,830' TVD**

16,333' Baker 7" HPHT Retr. 10 ksi Pkr; 3.00" ID

16,352' RPT Profile 2.75" ID
 6" Perforated Pup Joint

Locator and 28' nitrile packer seals

EOT/Indexing MS, 3.00" ID

S-10 Sand: 16,616'-16,777' MD (161' MD)
 15,106'-15,245' TVD (141' TVD)
 Midzone Depth: 16,697' MD (15,176' TVD)
 ISBHP: 10,885 psi BHT = 186 deg F
 Avg Hole Angle @ Perfs = 29.9 deg
 Max Hole Angle 43.7 deg
"Depths reference Open Hole Log"

Fracpacked with 121,000 lbs 20/40 Carboline

16,825' PBTD (3" steel balls - 23)
 17,050' 8.5" Section TD

Green Canyon 200 OCS-G-12209 TA-3 OIL WELL Final Completion Diagram

TROIKA
 Slot 07

DATE: Brandy Riley
 BY: RAH 8/4/2017

36" 640# X56 (2 its) & 3,029'

36" 463# X52 (5 its) Grade, D60MT (273' BML) 3,935'

20" 133# X56 H60 (1,179' BML) 5,009'

16" 84# L-80 GB3P Casing 8,429'

8,424' TVD

Completion Fluid
 Kill Weight Fluid: 14.0 ppg CaBr₂
 Packer Fluid: 14.0 ppg CaBr₂ with corrosion inhibitor

13-3/8" 72# P-110 NJO Casing 8,429'

8,424' TVD

14,045'

10-3/4" 65.7# P110 New Vam 9.404" drift (228') & 9-5/8" 53.5# P-110 New Vam Casing 14,557'

13,308' TVD

P-2 sand 14790' MD / 13537' TVD
 assume 14 ppg EMW for 9872 psi bhp

S-4 Sand 16250' MD / 14803' TVD
 assume 14 ppg EMW for 10774 bhp

HES NGVT GP Packer (3.88" Bore) 16,457'

Sure shot mechanical fluid loss device (2.65" ID w/ collet engaged)
 Shear Sub, 60k overpull
 3-1/2" 13Cr Blank Pipe, Fox K threads, 2.992" ID, (32')
 3-1/2" 13 Cr HES Low Profile Screens (Inc 825 wire wrap), 8 ga., 20/40 Mesh Resin-coated Resiever Sand, 4.22"OD, 2.992"ID, Fox K threads, 16,529'-16,782'(253')

NoGo Locator + 4 seals, 2.97" ID
 HES AWD Sump Pkr; 4.00" ID Bore 16,784'
 EOT/ Indexing MS, 2.97" ID

"Screen is welded and centralized on each pin end; Blank screen is centralized on pin end and at mid-joint. Centralizer OD = 5.500"; Screen & Blank Collar OD = 3.878"

7" 32# P110 SLIJ Liner, 6.0" drift, 6.094" ID 16,918'

15,368' TVD

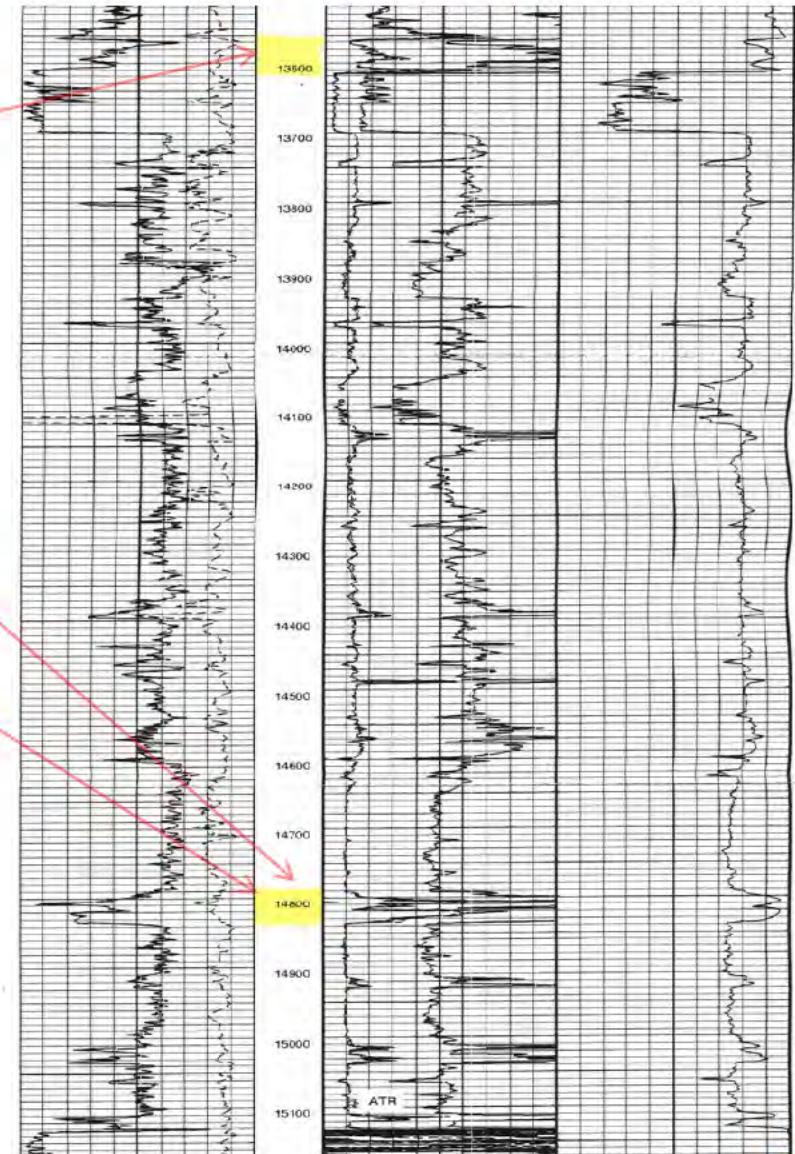
Casing & PBTD DOLBSEE 18,0492' A 0001 1" 1 RTT



Possible Sources of Pressure

TVD Log

- Theories on sources of pressure:
 - Gas/condensate sand at 13,560' TVD and leaking through the 7" liner top leak
 - Gas/condensate sand (S4 Sand) at ~14,800' TVD just above the perforated interval, communicating through a casing leak above the production packer
 - S-4 leaking through the 7" liner top



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Maximum Calculated Pressure at Subsea Tree

Bottom hole pressure @ P-2 zone:

TVD = 13,560'

Drilled through with 14.0 ppg mud wt.

BHP = $13,560 \times 14 \times .052 = 9,872$ psi

Assume gas gradient of .115 psi / ft.

TVD-WD = height of gas column below wellhead = $13,560 - 2,672 = 10,888$ ft.

Pressure at wellhead = BHP – height of gas column below wellhead x gas gradient

$9,872 - 10,888 \times .115 = 8,620$ psi (This is the max pressure at the subsea wellhead assuming a full column of gas in annulus from this zone)

BHP @ S-4 Sand – 10,774 psi

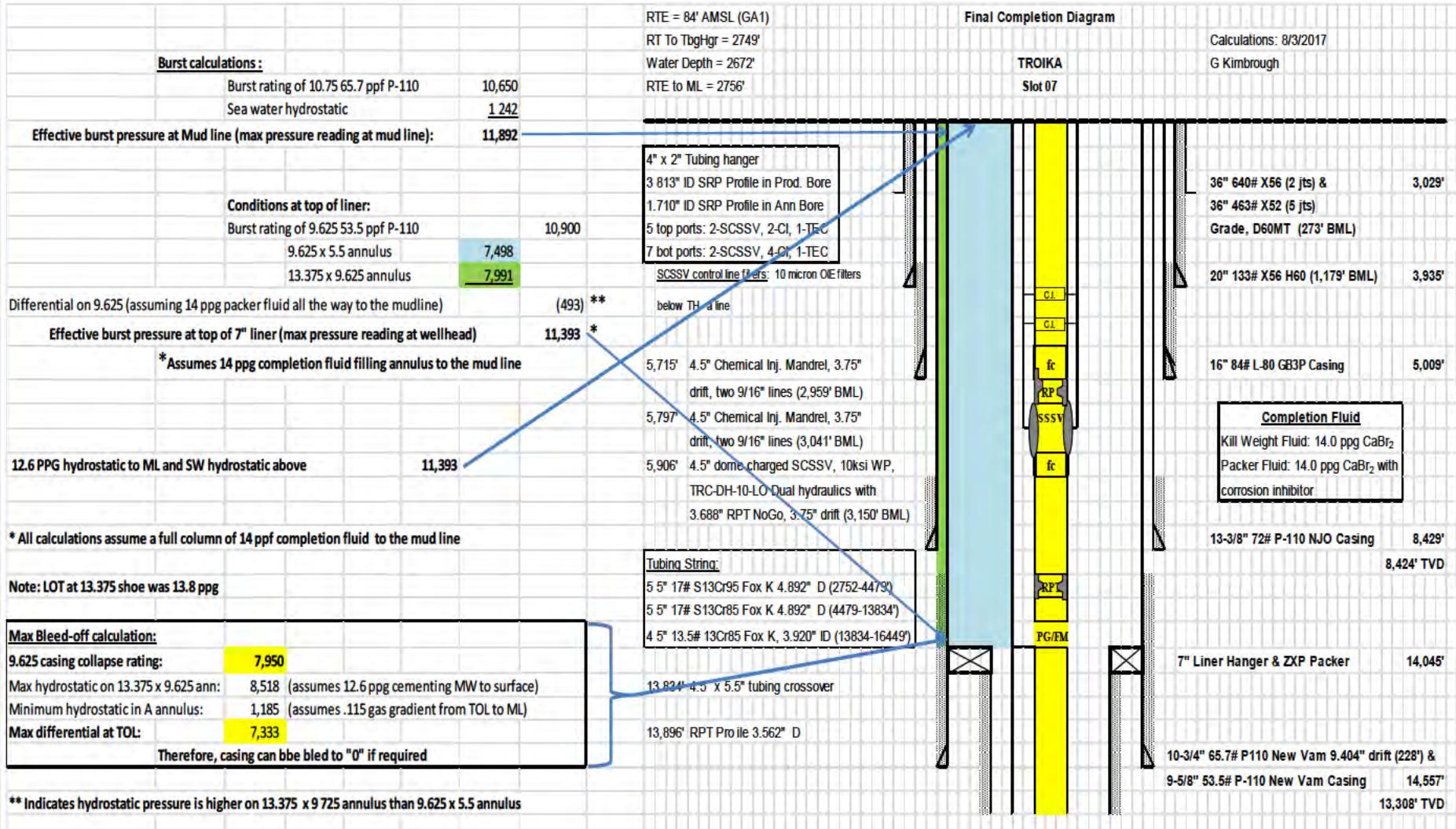
Based on 14 ppg mud and 14,800 ' TVD

Using same calculation method as above the maximum calculated subsea pressure is: **9,379 psi**

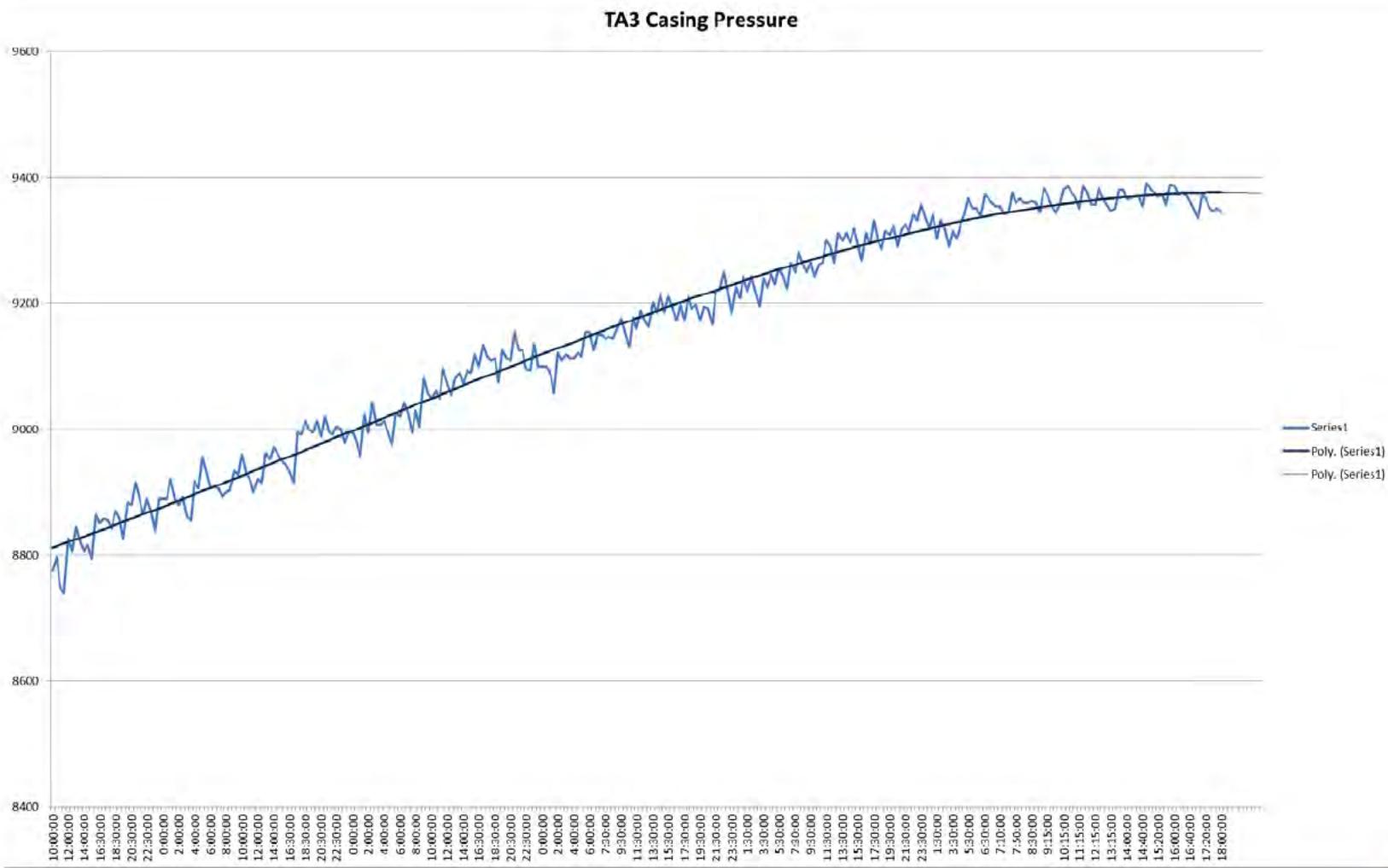
There is a possibility of a small one-way leak at the top of the 7" liner which could increase the pressure at the subsea wellhead to near BHP of the upper zone (**9,872 psi**).

These are considered to be our maximum anticipated pressures at the subsea tree.

Strengths at Critical Points in the Casing



Production Casing Pressure Trend



Thresholds

- Key Planning Factors:
 - Subsea Tree – Tested to 15,000psi after manufacturing
 - Rated Working Pressure: 10,000psi
 - Tested to differential of 10,000psi (atmospheric)
 - Max Allowable Pressure @ **tree** is 11,242 psi (seawater hydrostatic back up)
 - **Present Tree differential pressure is 9387 (shut in casing pressure) – 1242 (seawater hydrostatic)= 8145 psi**
 - Exposed Casing (10-3/4", 65.7ppf, P-110)
 - Maximum allowable pressure of 11,393psi at wellhead (see preceding chart)
 - **10,400 psi is Fieldwood's trigger point**
 - Actions will be determined by the trend of the casing pressure increase:
 - Trend building towards maximum allowable of 11,242 psi before intervention can be mobilized = bleed down
 - Reverse plan timing of bleed down equipment spread
 - Trend showing pressure will not build greater than 11,242 psi = do not bleed down

Risks Associated with Bleed Down

- Cross Over Valve (a valve the gas will flow through during a bleed down) in the subsea tree is the only barrier between the production casing (where pressure is located) and the production tubing. If this isolation is lost, future operations on the well are jeopardized. Isolation between the production tubing and the production casing are required for circulation of kill weight fluid
- Cross-Over Valve not designed to bleed pressure; designed to equalize pressure
 - Ball and Seat Type Valve
 - Cross-Over Valve between tubing and production casing has not been functioned in a number of years
- Hydrates (Ice) - During bleed down, if hydrates are formed, they will likely be in and around the Cross-Over Valve
 - Hydrate will stop bleed down
 - Erosion will damage the valve
 - Cross-Over Valve will likely not be able to be closed
 - Pressure will now be equalized just below the tree-cap (access to the well)
 - Blocks access to the well and creates a threat to the environment
- Bleeding of casing will only be done if no other options to relieve pressure can be accomplished

Conversation Contents

BSEE

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Mon Jul 17 2017 17:07:42 GMT-0600 (MDT)
To: sfury@chevron.com
CC: thomas.lillie@bsee.gov
Subject: BSEE

Thanks for the opportunity to visit. I would very much like to schedule a visit with mark at the Covington office. I would also appreciate the opportunity to spend several days and overnight at a gom facility to learn more about your operations. We would obviously have to comply with all rules and regulations of our agencies. After Labor Day works best for me. Through a copy of this I am asking tom Lillie to contact you to work schedule Sent from my iPhone

"Fury, Sandra (SFUR)" <SFury@chevron.com>

From: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Sent: Fri Jul 21 2017 15:16:37 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
CC: "Lillie, Thomas" <thomas.lillie@bsee.gov>
Subject: RE: BSEE

Scott, I spoke with Mark and he very much wants to meet with you. Mark suggested Fri, Aug 25th. Please let me know if that date can work. Sandi -----Original Message----- From: Scott Angelle [mailto:scott.angelle@bsee.gov] Sent: Monday, July 17, 2017 6:08 PM To: Fury, Sandra (SFUR) <SFury@chevron.com> Cc: thomas.lillie@bsee.gov Subject: [**EXTERNAL**] BSEE Thanks for the opportunity to visit. I would very much like to schedule a visit with mark at the Covington office. I would also appreciate the opportunity to spend several days and overnight at a gom facility to learn more about your operations. We would obviously have to comply with all rules and regulations of our agencies. After Labor Day works best for me. Through a copy of this I am asking tom Lillie to contact you to work schedule Sent from my iPhone

Thomas Lillie <thomas.lillie@bsee.gov>

From: Thomas Lillie <thomas.lillie@bsee.gov>
Sent: Fri Jul 21 2017 17:24:27 GMT-0600 (MDT)
To: "Fury, Sandra (SFUR)" <SFury@chevron.com>
CC: Scott Angelle <scott.angelle@bsee.gov>, Eileen Angelico <eileen.angelico@bsee.gov>
Subject: Re: BSEE

Sandy, thanks for letting us know. Eileen is working on the itinerary and will be in touch with you to

DOI-BSEE-18-0492-A-000119

get Scott and Mark together. Have a good weekend. Tom Tom Lillie Chief of Staff, BSEE (202) 208-6286 > On Jul 21, 2017, at 5:16 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: > > Scott, > > I spoke with Mark and he very much wants to meet with you. Mark suggested Fri, Aug 25th. Please let me know if that date can work. > > Sandi > > -----Original Message----- > From: Scott Angelle [mailto:scott.angelle@bsee.gov] > Sent: Monday, July 17, 2017 6:08 PM > To: Fury, Sandra (SFUR) <SFury@chevron.com> > Cc: thomas.lillie@bsee.gov > Subject: [**EXTERNAL**] BSEE > > Thanks for the opportunity to visit. I would very much like to > schedule a visit with mark at the Covington office. I would also > appreciate the opportunity to spend several days and overnight at a > gom facility to learn more about your operations. We would obviously > have to comply with all rules and regulations of our agencies. After > Labor Day works best for me. Through a copy of this I am asking tom > Lillie to contact you to work schedule > > Sent from my iPhone

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Mon Jul 24 2017 05:58:12 GMT-0600 (MDT)
To: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Subject: Re: BSEE

I don't think the 25th works. Standby Sent from my iPhone > On Jul 21, 2017, at 5:16 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: > > Scott, > > I spoke with Mark and he very much wants to meet with you. Mark suggested Fri, Aug 25th. Please let me know if that date can work. > > Sandi > > -----Original Message----- > From: Scott Angelle [mailto:scott.angelle@bsee.gov] > Sent: Monday, July 17, 2017 6:08 PM > To: Fury, Sandra (SFUR) <SFury@chevron.com> > Cc: thomas.lillie@bsee.gov > Subject: [**EXTERNAL**] BSEE > > Thanks for the opportunity to visit. I would very much like to > schedule a visit with mark at the Covington office. I would also > appreciate the opportunity to spend several days and overnight at a > gom facility to learn more about your operations. We would obviously > have to comply with all rules and regulations of our agencies. After > Labor Day works best for me. Through a copy of this I am asking tom > Lillie to contact you to work schedule > > Sent from my iPhone

"Fury, Sandra (SFUR)" <SFury@chevron.com>

From: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Sent: Mon Jul 24 2017 12:21:29 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: RE: Re: BSEE

Mark said he could make the 21st work...but would have to shift things around. Let me know if you want to explore that date. Sandi -----Original Message----- From: Scott Angelle [mailto:scott.angelle@bsee.gov] Sent: Monday, July 24, 2017 6:58 AM To: Fury, Sandra (SFUR) <SFury@chevron.com> Subject: [**EXTERNAL**] Re: BSEE I don't think the 25th works. Standby Sent from my iPhone > On Jul 21, 2017, at 5:16 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: > > Scott, > > I spoke with Mark and he very much wants to meet with you. Mark suggested Fri, Aug 25th. Please let me know if that date can work. > > Sandi > > -----Original Message----- > From: Scott Angelle [mailto:scott.angelle@bsee.gov] > Sent: Monday, July 17, 2017 6:08 PM > To: Fury, Sandra (SFUR) <SFury@chevron.com> > Cc: thomas.lillie@bsee.gov > Subject: [**EXTERNAL**] BSEE > > Thanks for the opportunity to visit. I would very much like to > schedule a visit with mark at the Covington office. I would also > appreciate the opportunity to spend several days and overnight at a > gom facility to learn more about your operations. We would obviously > have to comply with all rules and regulations of our agencies. After > Labor Day works best for me. Through a copy of this I am asking tom > Lillie to contact you to work schedule > > Sent from my iPhone

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Mon Jul 24 2017 15:51:48 GMT-0600 (MDT)
To: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Subject: Re: BSEE

Yes the 25th works. I will be there at 9 am Please contact Eileen Sent from my iPhone > On Jul 24, 2017, at 2:21 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: > > Mark said he could make the 21st work...but would have to shift things around. Let me know if you want to explore that date. > > Sandi > > -----Original Message----- > From: Scott Angelle [mailto:scott.angelle@bsee.gov] > Sent: Monday, July 24, 2017 6:58 AM > To: Fury, Sandra (SFUR) <SFury@chevron.com> > Subject: [**EXTERNAL**] Re: BSEE > > I don't think the 25th works. Standby > > Sent from my iPhone > > On Jul 21, 2017, at 5:16 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: >> >> Scott, >> >> I spoke with Mark and he very much wants to meet with you. Mark suggested Fri, Aug 25th. Please let me know if that date can work. >> >> Sandi >> >> -----Original Message----- >> From: Scott Angelle [mailto:scott.angelle@bsee.gov] >> Sent: Monday, July 17, 2017 6:08 PM >> To: Fury, Sandra (SFUR) <SFury@chevron.com> >> Cc: thomas.lillie@bsee.gov >> Subject: [**EXTERNAL**] BSEE >> >> Thanks for the opportunity to visit. I would very much like to >> schedule a visit with mark at the Covington office. I would also >> appreciate the opportunity to spend several days and overnight at a >> gom facility to learn more about your operations. We would obviously >> have to comply with all rules and regulations of our agencies. After >> Labor Day works best for me. Through a copy of this I am asking tom >> Lillie to contact you to work schedule >> >> Sent from my iPhone

"Fury, Sandra (SFUR)" <SFury@chevron.com>

From: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Sent: Mon Jul 24 2017 15:53:32 GMT-0600 (MDT)
To: Scott Angelle <scott.angelle@bsee.gov>
Subject: RE: Re: BSEE

Perfect. How long? In Covington or do you need to meet in New Orleans? Sandi -----Original Message----- From: Scott Angelle [mailto:scott.angelle@bsee.gov] Sent: Monday, July 24, 2017 4:52 PM To: Fury, Sandra (SFUR) <SFury@chevron.com> Subject: [**EXTERNAL**] Re: BSEE Yes the 25th works. I will be there at 9 am Please contact Eileen Sent from my iPhone > On Jul 24, 2017, at 2:21 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: > > Mark said he could make the 21st work...but would have to shift things around. Let me know if you want to explore that date. > > Sandi > > -----Original Message----- > From: Scott Angelle [mailto:scott.angelle@bsee.gov] > Sent: Monday, July 24, 2017 6:58 AM > To: Fury, Sandra (SFUR) <SFury@chevron.com> > Subject: [**EXTERNAL**] Re: BSEE > > I don't think the 25th works. Standby > > Sent from my iPhone > > On Jul 21, 2017, at 5:16 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: >> >> Scott, >> >> I spoke with Mark and he very much wants to meet with you. Mark suggested Fri, Aug 25th. Please let me know if that date can work. >> >> Sandi >> >> -----Original Message----- >> From: Scott Angelle [mailto:scott.angelle@bsee.gov] >> Sent: Monday, July 17, 2017 6:08 PM >> To: Fury, Sandra (SFUR) <SFury@chevron.com> >> Cc: thomas.lillie@bsee.gov >> Subject: [**EXTERNAL**] BSEE >> >> Thanks for the opportunity to visit. I would very much like to >> schedule a visit with mark at the Covington office. I would also >> appreciate the opportunity to spend several days and overnight at a >> gom facility to learn more about your operations. We would obviously >> have to comply with all rules and regulations of our agencies. After >> Labor Day works best for me. Through a copy of this I am asking tom >> Lillie to contact you to work schedule >> >> Sent from my iPhone

Scott Angelle <scott.angelle@bsee.gov>

From: Scott Angelle <scott.angelle@bsee.gov>
Sent: Mon Jul 24 2017 17:41:31 GMT-0600 (MDT)

DOI-BSEE-18-0492-A-000121

To: "Fury, Sandra (SFUR)" <SFury@chevron.com>
Subject: Re: BSEE

Covington. Eileen will have details Sent from my iPhone > On Jul 24, 2017, at 5:54 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: >> Perfect. How long? In Covington or do you need to meet in New Orleans? >> Sandi >> -----Original Message----- > From: Scott Angelle [mailto:scott.angelle@bsee.gov] > Sent: Monday, July 24, 2017 4:52 PM > To: Fury, Sandra (SFUR) <SFury@chevron.com> > Subject: [**EXTERNAL**] Re: BSEE >> Yes the 25th works. I will be there at 9 am Please contact Eileen >> Sent from my iPhone >>> On Jul 24, 2017, at 2:21 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: >>> Mark said he could make the 21st work...but would have to shift things around. Let me know if you want to explore that date. >>> Sandi >>> -----Original Message----- >> From: Scott Angelle [mailto:scott.angelle@bsee.gov] >> Sent: Monday, July 24, 2017 6:58 AM >> To: Fury, Sandra (SFUR) <SFury@chevron.com> >> Subject: [**EXTERNAL**] Re: BSEE >>> I don't think the 25th works. Standby >>> Sent from my iPhone >>>> On Jul 21, 2017, at 5:16 PM, Fury, Sandra (SFUR) <SFury@chevron.com> wrote: >>>> Scott, >>>>> I spoke with Mark and he very much wants to meet with you. Mark suggested Fri, Aug 25th. Please let me know if that date can work. >>>>> Sandi >>>>> -----Original Message----- >>> From: Scott Angelle [mailto:scott.angelle@bsee.gov] >>> Sent: Monday, July 17, 2017 6:08 PM >>> To: Fury, Sandra (SFUR) <SFury@chevron.com> >>> Cc: thomas.lillie@bsee.gov >>> Subject: [**EXTERNAL**] BSEE >>>> Thanks for the opportunity to visit. I would very much like to >>> schedule a visit with mark at the Covington office. I would also >>> appreciate the opportunity to spend several days and overnight at a >>> gom facility to learn more about your operations. We would obviously >>> have to comply with all rules and regulations of our agencies. After >>> Labor Day works best for me. Through a copy of this I am asking tom >>> Lillie to contact you to work schedule >>>>> Sent from my iPhone

Conversation Contents

Fwd: Financial Assurances

Attachments:

Matt McCarroll <MattM@fwellc.com>

From: Matt McCarroll <MattM@fwellc.com>
Sent: Fri Jun 30 2017 17:26:45 GMT-0600 (MDT)
To: "Scott.angelle@bsee.gov" <Scott.angelle@bsee.gov>
Subject: Fwd: Financial Assurances
Attachments: Proposed Path Forward for Replacing NTL 2016-N01 6.29.2017.pdf
ATT00001.htm

FYI

Have a great holiday

Begin forwarded message:

From: Matt McCarroll <MattM@fwellc.com>
Date: June 30, 2017 at 5:41:52 PM CDT
To: "michael.celata@boem.gov" <michael.celata@boem.gov>, "Herbst, Lars
(lars.herbst@bsee.gov)" <lars.herbst@bsee.gov>
Cc: Kevin Bruce <kbruce@Fwellc.com>, "lem.smith@squirepb.com"
<lem.smith@squirepb.com>
Subject: Financial Assurances

Mike and Lars:

Attached is our proposal regarding financial assurance requirements for offshore decommissioning liabilities. This was developed in collaboration with a number of industry stakeholders and incorporates much of what we have discussed with both of you on this, and particularly those areas that we collectively zeroed in on during our tailored plan discussions. This has broad support among independent companies in the GOM. A number of CEO's from Independent Operators in the GOM discussed this with DOI folks in DC yesterday- including Vincent DeVito, Kate MacGregor, Scott Angelle, and James Schindler- and I wanted to provide you with a copy directly.

We think this proposal addresses the concerns that were identified in the previous NTL and accomplishes two shared objectives: (1) protecting US taxpayers by identifying and accounting for the true risk to taxpayers with regard to P&A and (2) encouraging continued investment and production in the Gulf. We also believe that working together, the final language and provisions of this proposal could be finalized into an NTL within weeks. We would be happy to discuss the specifics of this proposal with you and your staffs at any time.

Hope you guys have a great Fourth and look forward to connecting with you soon.

Matt McCarroll
President & CEO
Fieldwood Energy LLC
2000 West Sam Houston Pkwy
Suite 1200
Houston, TX 77042
713-969-1015 (O)
713-385-0340 (C)
MattM@fwellc.com

Proposed Path Forward for Replacing NTL 2016-N01

Executive Summary

This proposal outlines the basic elements of a new Notice to Lessees (“NTL”) that can replace the existing NTL 2016-N01 with a workable and comprehensive financial assurance program that serves to both:

- Require appropriate financial security necessary to protect the American taxpayer from plugging, abandonment and decommissioning liability (“P&A Liability”) on certain Outer Continental Shelf (“OCS”) leases, rights of way (“ROW”) and right of use easements (“RUEs”) (collectively “OCS Properties”) that meet the below-defined criteria of high risk; and
- Encourage future OCS capital spending and development by both large and small OCS stakeholders by eliminating unnecessary and duplicative financial security requirements.

Such an effort is directly aligned with the President’s executive orders to minimize unnecessary regulatory burdens and with the Bureau of Ocean Energy Management’s (“BOEM”) oft-stated desire to protect American taxpayers from operator default on the highest risk properties.

Outline of Replacement NTL

The BOEM and its predecessors have issued a series of NTLs over the years that expand upon the financial assurance regulations in 30 C.F.R. §§ 556.901(d)-(f) related to bonding and other security requirements. The Bureau’s stated objective in these NTLs has always been to implement adequate protections to ensure that decommissioning obligations on the OCS will be performed at no cost to the Federal government and—by extension—the American taxpayer.

NTL 2016-N01 radically changed the financial security requirements for both new and existing OCS Properties. Rather than simply protecting the American taxpayer from potential defaults by OCS Property owners, this NTL went much further and authorized the BOEM Regional Directors to require additional financial security well beyond what is needed to protect against the risk of default on P&A Liability. The NTL 2016-N01 largely ignored the presence of significant chain of title owners, private financial security in place, or the existence of long life production and reserves to secure against any default.

In keeping with recent executive directives to better tailor bond requirements to the actual risk that an owner will default in carrying out its P&A obligations, the BOEM could immediately issue a new NTL incorporating the below elements and outlining the procedures and criteria that its Regional Directors will use to determine if and when additional security may be required.

I. PART ONE: IDENTIFICATION OF HIGHEST RISK SOLE LIABILITY PROPERTIES

Taxpayer exposure for P&A Liability is greatest for OCS Properties where (1) the holder is the only liable party (i.e., there are no co-lessees, operating rights owners or other grant holders), and (2) there are no prior interest holders liable to meet the lease or grant obligations (hereinafter referred to as “**Sole Liability Properties**”). Thus, it is recommended that the BOEM’s initial focus be on identifying and obtaining additional bonding or other security on Sole Liability Properties in accordance with the following process and criteria.

A. Process for Identifying Sole Liability Properties

Following its announcement of NTL 2016-N01, the BOEM began the process of identifying all Sole Liability Properties. Initially, the Bureau’s list improperly included many OCS Properties where there are prior owners in the chain of title that remained liable for the required P&A work. Further, the initial list of properties was overstated due to the BOEM’s current practice of only allowing one owner (typically the operator) to hold ROWs and RUEs, ignoring the concurrent ownership of other third parties. Since then,

BOEM has done a commendable job of attempting to narrow its list to only those OCS Properties that meet the Bureau's stated criteria for Sole Liability Properties.

The BOEM's collaboration with operators to ensure that the Bureau's Sole Liability Properties list accurately reflects the past and current ownership status of OCS Properties and only includes the properties that qualify as Sole Liability Properties is very important to this process. As the process continues, it would be helpful to incorporate a 60-90 day period whereby the Sole Liability Property owners are given the opportunity to review and attempt to correct the BOEM's list before any orders to provide additional financial security are issued by the Bureau. In the event there is an unresolvable disagreement between an owner and the BOEM over whether a particular property belongs on the Sole Liability Properties list, the owners should be afforded customary appeal rights.

B. BSEE Should Use Operator AROs for P&A Liability Cost Estimates

As the BOEM knows, the Bureau of Safety and Environmental Enforcement's ("BSEE") most recent decommissioning cost estimates vary considerably from operators' actual decommissioning costs and are not reflective of actual P&A performed in recent years. Lease operators are currently required to carry P&A Liabilities as Asset Retirement Obligations (ARO) on the operators' books. Those estimates are based on recent experience in conducting P&A work and are required to be accurate, subject to third party audit, and to reflect actual P&A experience. These estimates are also relied upon by banks and investors in lending to the operator and investing in the operators' lease operations, and, for public companies, have the CEO and CFO signed representation. An operator's undiscounted ARO on its balance sheet should be used in place of BSEE's decommissioning cost estimates because AROs reflect the best estimate of future P&A Liabilities in that: (1) estimates reflect an operator's actual P&A costs for wells, pipelines and offshore facilities; (2) estimates appropriately account for continuous P&A operations in a given area rather than incorporating mobilization and demobilization costs into the estimates for every property; and (3) estimates take into consideration ROW abandonment-in-place, where appropriate, rather than cost of removal. Additionally, use of operators' AROs would eliminate the need for BSEE to have staff and costs associated with generating its internal P&A estimates.

C. Additional Considerations in Requiring Financial Security for Sole Liability Properties

The OCS industry will support the BOEM's efforts to move quickly to secure financial assurances for Sole Liability Properties and for those other OCS Properties that pose a credible default risk as identified in Section II below. However, a significant majority of OCS industry participants also agrees that certain Sole Liability Properties do not represent a significant or current risk of default to the American taxpayer and therefore should be exempted from any supplemental bonding requirements.

1. Sole Liability Properties Owned by Integrated Majors and Large Independents

OCS Property owners with investment grade ratings (i.e., Moody's Baa3 or S&P/Fitch ratings of BBB-), major integrated oil companies, and large independents (collectively referred to as "Tier 1 Companies") do not represent a significant risk of default on P&A Liability for their OCS Properties. Therefore, it is recommended that no additional financial security should be required for those Sole Liability Properties owned by Tier 1 Companies, and that such Sole Liability Properties be exempted from the requirements of a new NTL.

2. Sole Liability Properties with Sufficient Reserve Values

If the net present value of lease reserves (1P) on a Sole Liability Property exceeds the undiscounted ARO by a multiple of three times, such Sole Liability Property should be exempted from supplemental bonding until such time as the reserve value falls below the above threshold, at which time the BOEM can further evaluate the need for supplemental bonding in accordance with the criteria specified in Section II.

D. Recommend the BOEM Release Existing Financial Security for Non-Sole Liability Properties

As previously indicated, the BOEM's initial process of identifying Sole Liability Properties resulted in the inclusion of certain OCS Properties that were later determined not to be Sole Liability Properties. In some cases, OCS Property owners were required to post supplemental bonds or other financial security for these OCS Properties only to learn later that the BOEM eliminated such properties from its final Sole Liability Properties list. Similarly, various OCS Property owners were required to post supplemental bonds or other financial security for OCS Properties where there is a low risk of default on P&A liabilities due to the presence of prior chain of title parties that are financially secure and remain liable for the P&A, existing private security arrangements, or significant reserve/production life left to fund future P&A. In such cases, the BOEM's retention of such supplemental bonds for these OCS Properties does not serve to protect the American taxpayer and results in the misuse of the owner's limited capital. Therefore, it is strongly recommended that the BOEM release all supplemental bonds or other financial security posted for all such low risk properties.

II. PART TWO: IDENTIFICATION OF OTHER HIGH RISK OCS PROPERTIES

The key to any NTL that replaces NTL 2016-N01 is the development of a process and criteria to identify those OCS Properties that represent a credible risk of operator default on P&A and for which there is no other credit-worthy responsible party in line in front of the federal government to bear the costs.

A. Process for Identifying Other High Risk OCS Properties

Consistent with the BOEM's longstanding regulatory objective of protecting the federal government from operator default wherein there are no solvent co-owners or predecessors in title to cover the P&A Liability, the Bureau could develop a process (similar to the process described in Section I.A.) to identify those non-sole liability OCS Properties that represent a credible risk of default on P&A. The BOEM can make it clear that the following factors will be determinative and that no additional financial security (i.e., security above the amounts prescribed in 30 C.F.R. § 556.900(a)) will be required for OCS Properties that meet at least one of the below criteria.

- Whether there is private financial security in place to secure P&A Liability;
- Whether the OCS Property has reserve values significantly in excess of current ARO estimates;
- Whether at least one of the current owners of the OCS Property is financially secure and capable of satisfying the P&A Liability;
- Whether there are Tier 1 Companies in the chain of title of the OCS Property that remain liable in the event of a default by the current owners; and
- Whether current owner can demonstrate that it has the financial capability of performing future P&A based on its overall company Reserve Value compared to estimated ARO (e.g., company overall reserve value is at least 2X estimated ARO).

Based on the above criteria, additional OCS properties for which bonding could be required under a revised financial assurance program may include (1) additional infrastructure (i.e. pipelines, platforms, other facilities, or wells drilled off of newly installed infrastructure) installed by a current owner(s) on OCS Properties since being assigned the lease from a Tier 1 Company such that the prior owner or interest holder would not be liable for the "new" infrastructure obligations; and (2) OCS Properties with only one current owner where the prior owners in the chain of title do not have sufficient financial capacity to perform the P&A in the event of default by the current owner and no other financial security exists related to the property. Requiring bonding on these two categories of properties for which there may be a credible risk of owner default in addition to the Sole Liability Properties described in Section I will ensure that American taxpayers are properly protected.

B. Revised Method for Determining Amount of Additional Financial Security Required

For those OCS Properties that the BOEM identifies as requiring additional financial security to protect against P&A default, the replacement NTL should clarify that (1) an operator's ARO estimates will be used to estimate P&A Liability (as outlined in Section I.B.); and (2) while each owner remains jointly and severally liable for all P&A Liability on a lease, the BOEM would require each current owner to post only its proportionate share of such P&A Liability.

C. Clarification on BOEM's Chain of Title Demand Process

It is also recommended that BOEM implement a process that firmly establishes the manner in which the BOEM will require P&A coverage from former owners of an OCS Property upon a default by the current owner(s). Currently, the BOEM typically notifies some or all prior owners in the chain of title to assume responsibility for any required P&A without regard to whether the prior owner possessed the facilities in the most recent years or many decades before. In some cases, the BOEM appears to bypass the most recent chain of title owners and requires older chain of title owners, perhaps with deeper pockets, to assume responsibility for the P&A Liability.

The most equitable and efficient manner to facilitate the acceptance and performance of P&A obligations would be to clarify that the BOEM will first call upon the most recent chain of title owners to perform any required P&A obligations. Upon such prior owner's inability to satisfy P&A obligations, then the BOEM would go up the chain of title, in reverse order from the most recent owner to the earliest owner, until one or more prior chain of title owner(s) satisfies responsibility for the P&A obligations. Clarifying such a practice would better serve to assign the P&A Liability to the most likely prior chain of title owner capable and responsible for the P&A for the following reasons:

- The most recent prior chain of title owner will be the most likely prior owner holding the financial security (bond or other financial guarantee) posted by the defaulting current owner;
- The most recent prior owner sold the interest to the defaulting company creating the inherent risk of default and therefore should be the first to receive the BOEM demand to perform any required P&A obligations;
- The most recent chain of title owner is likely both legally and contractually responsible for the P&A obligations because such owner typically assumed, and became contractually obligated, to perform the P&A obligations from its assignor, who assumed the same obligations from its prior assignor/owner; and
- Assigning responsibility to the most recent chain of title owner would facilitate judicial economy and expedite assumption of any required P&A obligations. In this regard, the most recent chain of title owner typically cannot seek indemnity for P&A obligations from its prior chain of title owners. In contrast, the older prior chain of title owners typically will be required to enforce its contractual indemnity rights against its immediate assignee thereby causing each subsequent assignee to seek similar indemnity rights from its assignee until the responsibility ultimately lies with the most recent current chain of title owner.

D. Financial Security Should Not be Required until P&A Liability has Actually Accrued

Under existing regulations, P&A liability actually accrues when a well is initially drilled or a platform, pipeline, or other facility is installed on a lease. The BOEM has recently required financial security before the liability actually accrues (e.g., when an exploration plan is approved and prior to BSEE's approval of a permit to drill a well). For wells drilled on the OCS, financial security should only be required after a well is drilled and the drilling rig is moved off location without performing P&A for that well. In practice, many wells are drilled, evaluated for completion, and, if determined to be uneconomic, are immediately plugged and abandoned while the drilling rig is still on location. Additionally, many deepwater exploration and appraisal wells are plugged and abandoned immediately after drilling and logging the well. In all such cases, no P&A liability remains and, therefore, no financial security should be required.

E. Recommendation that the BOEM Establish a Process Whereby Existing Financial Security is First Collected upon a Default and then Distributed to Those Required to Perform P&A

Lastly, it is recommended that the BOEM adopt a formal process whereby any financial security posted with the BOEM is collected upon a default by a current owner and the proceeds are then made available to other current or chain of title owners who are tasked with performing the P&A. Historically, the BOEM has called on supplemental bonds or other financial security, collected the proceeds, and informally made those proceeds available to parties performing the required P&A. This informal process, however, has not always been followed. In some cases, the BOEM has required other current or past owners to perform the required P&A before calling a bond or collecting the proceeds thereof and never made the proceeds available to the current or prior owners who performed the P&A. A formal process is recommended for BOEM to do the following: (1) declare a default by the current OCS Property owner; (2) call any applicable supplemental bonds or other financial security posted by sureties for such defaulting owner; (3) sequester the proceeds of any such financial security in a lease specific account designated for the applicable OCS Property; and (4) make such proceeds available to the other current or prior owners who are required to perform any such P&A.

Conclusion and Next Steps

The above proposal sets forth a measured and reasonable approach to identifying and securing those OCS Properties that pose a credible financial risk to the U.S. taxpayer. Moreover, adopting the above-stated process recognizes and aligns with the existing legal and business practices adopted by the industry to address P&A obligations over the history of OCS development.

BSEE FOIA OFFICE

Freedom of Information Act (FOIA) Search Tracking Sheet

DATE: September 4, 2018

To: Preston Beard, Advisor

Due Date: September 12, 2018

FOIA Request Number: BSEE-2018-00275

Requester's Name: Austin Evers, American Oversight

Contact for Questions: Dottie- (703) 787-1404

Please return your response to: dorothy.tinker@bsee.gov

SUBJECT OF REQUEST: All communications (including emails, email attachments, text messages, (Request Attached) messages on messaging platforms (such as Slack, GChat or Google Hangouts, Lync, Skype, WhatsApp, Signal, or Twitter Direct Messages), telephone call

SEARCH KEY WORDS:



Use only these terms



Use these suggested terms as well as other relevant terms

TIME FRAME FOR RESPONSIVE RECORDS: May 1, 2017 to Present

GUIDANCE FROM FOIA OFFICE:

- Search your emails, electronic, and hard copy files for responsive documents using the key words and time frame listed above. If your records (electronic or hard copy) have attachments, please ensure they are provided.
- If you need additional clarification, please let us know immediately.
- Refer to the FOIA request number above in all communications concerning this request.
- Please let us know if you believe we should contact other BSEE office(s), DOI office(s), or other agencies should be involved in processing this request.
- Provide any release/denial/exemption recommendations in your response. You are the subject-matter expert (SME) and we appreciate you notifying us of your recommendations for each document or type of document when you initially send the responsive documents.
- Provide copies (never originals) of all responsive records in hard copy or electronic format.

TIME LIMITS:

We have a statutory duty to respond to this request on or before _____. We therefore need you to provide us with responsive records by September 12, 2018.

RESULTS OF SEARCH/REVIEW:

- Total # of responsive documents located (paper & electronic): _____ documents & 129 pages.
- Total amount of time spent searching for responsive documents: _____ & amount of time spent reviewing responsive records _____.
- Description of reasonable search.** Please confirm that a search reasonably calculated to find the requested records was conducted. Please state below what records systems were searched, and how the search was conducted. Include type of records systems searched (e.g., paper files, database, email) and the key words used.

COMMENTS:

Certification of Manager or SME Responsible for Overseeing or Conducting the Search
I certify that all appropriate records systems have been searched and copies of all responsive records have been provided to the BSEE FOIA Office along with any disclosure recommendations we wish to provide.

Signature

Special Advisor
Title

11/1/18
Date

202-208-3509
Phone Number

BSEE FOIA OFFICE

Freedom of Information Act (FOIA) Search Tracking Sheet

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Please return your response to: dorothy.tinker@bsee.gov

Due Date: September 12, 2018
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Signature

Special Advisor
Title

11/1/18
Date

202-208-3504
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